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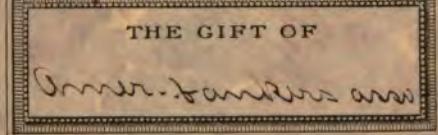
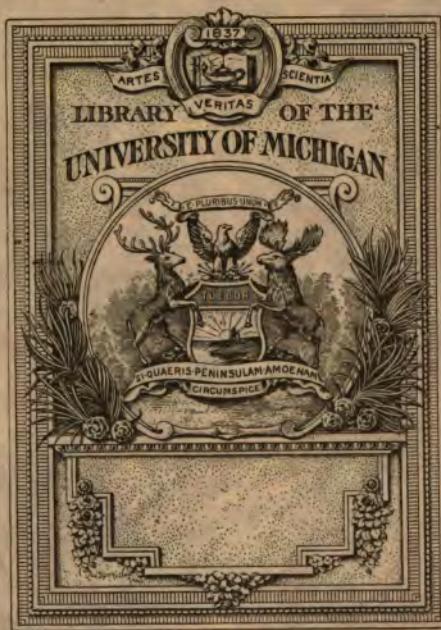
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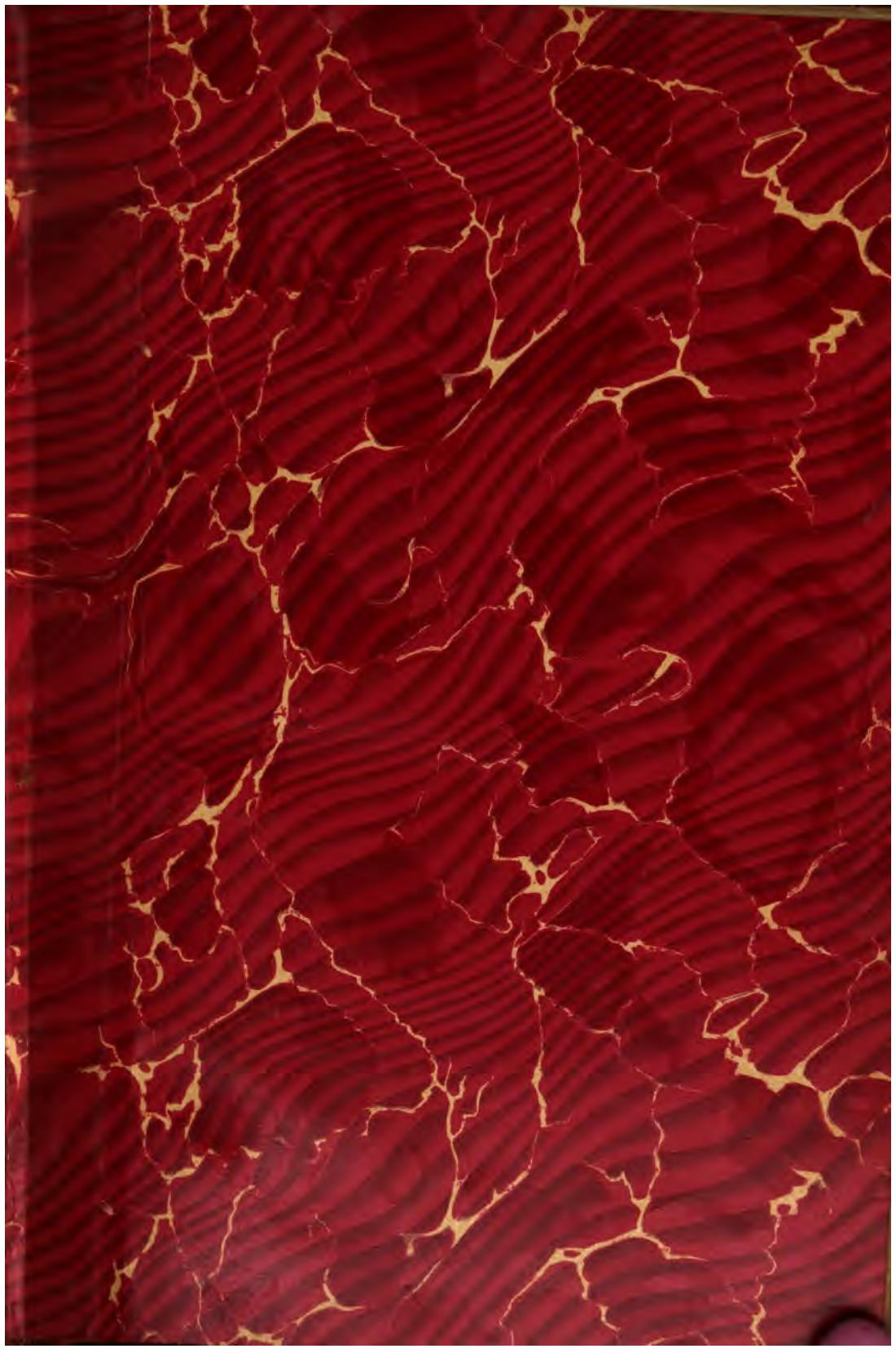
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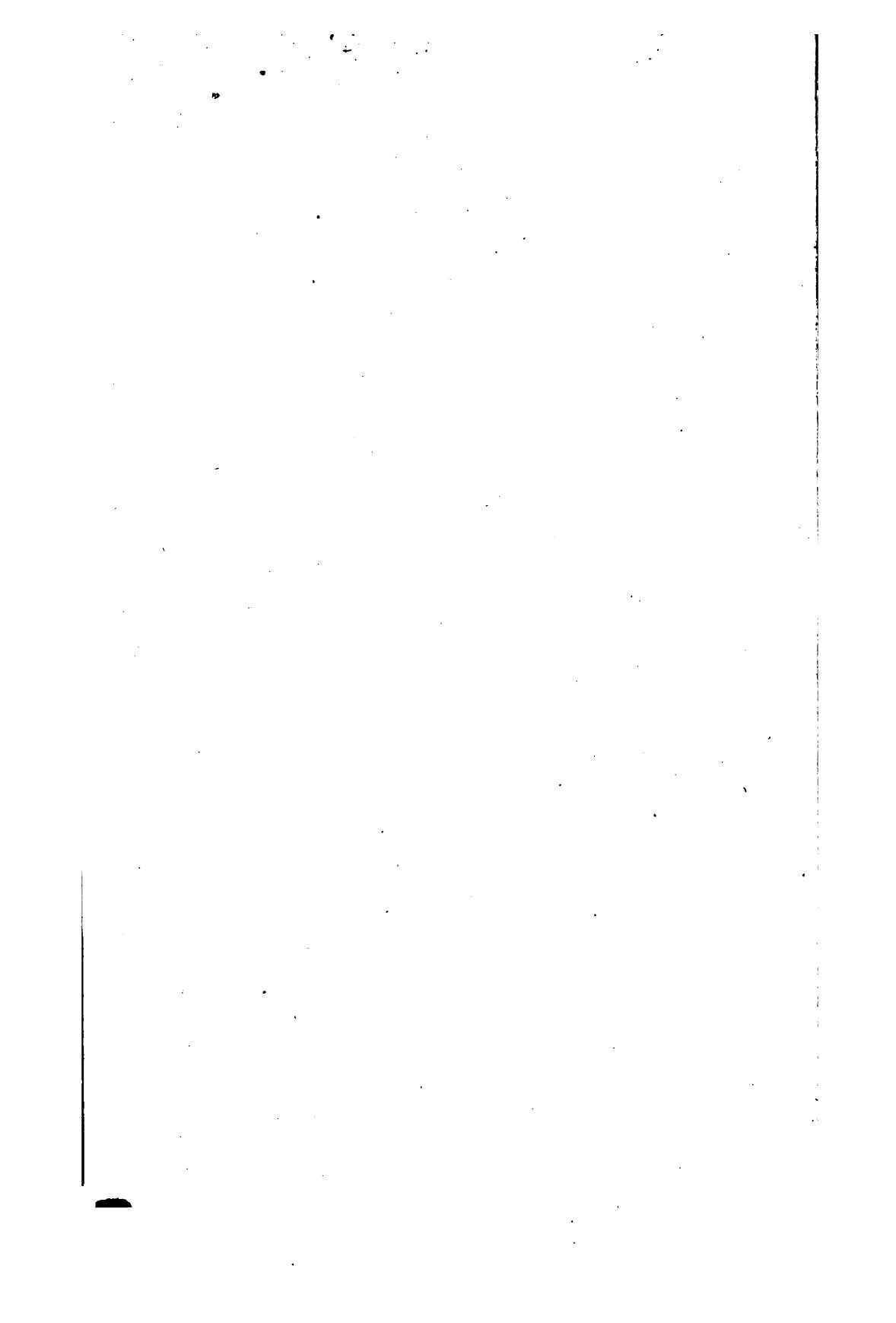
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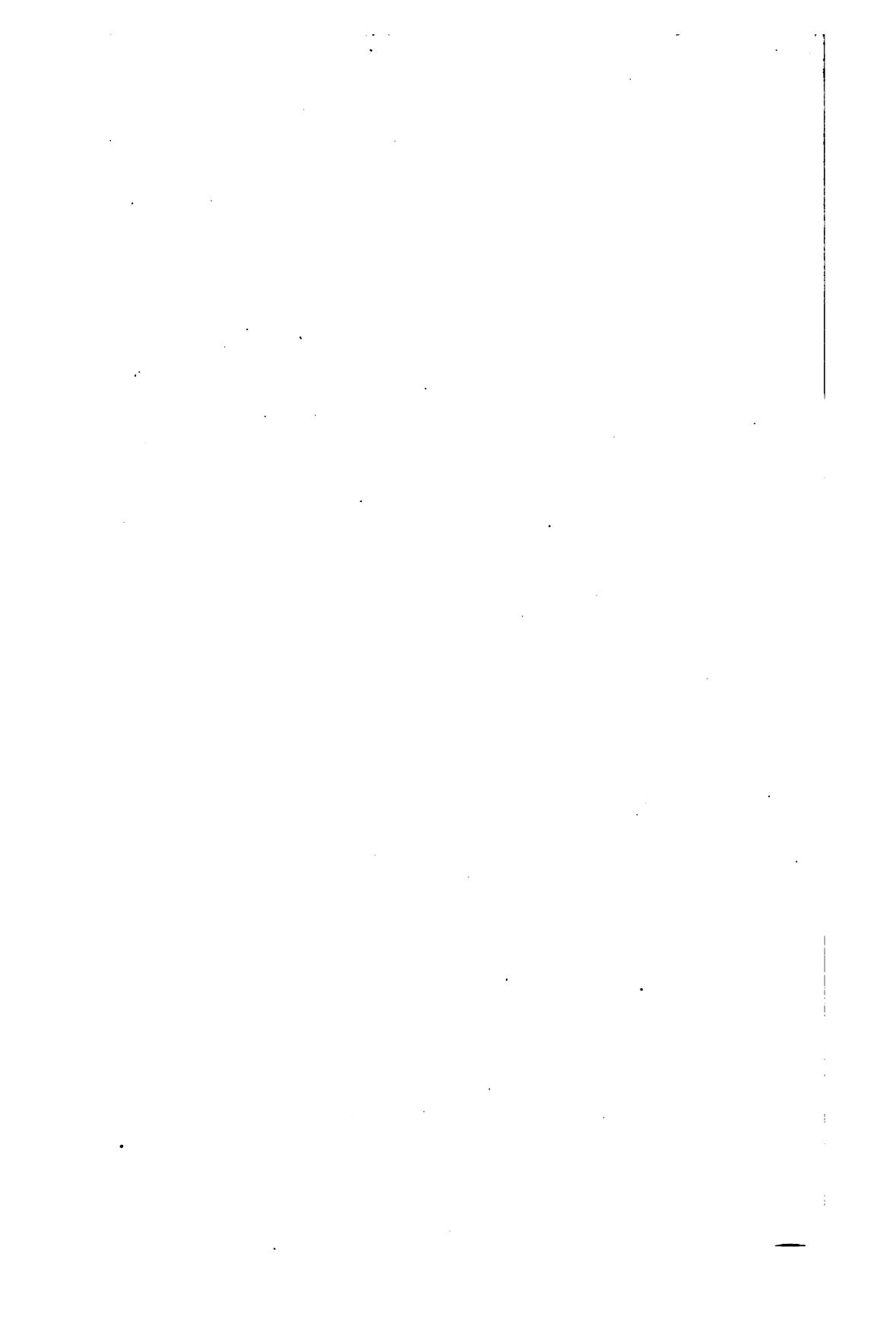


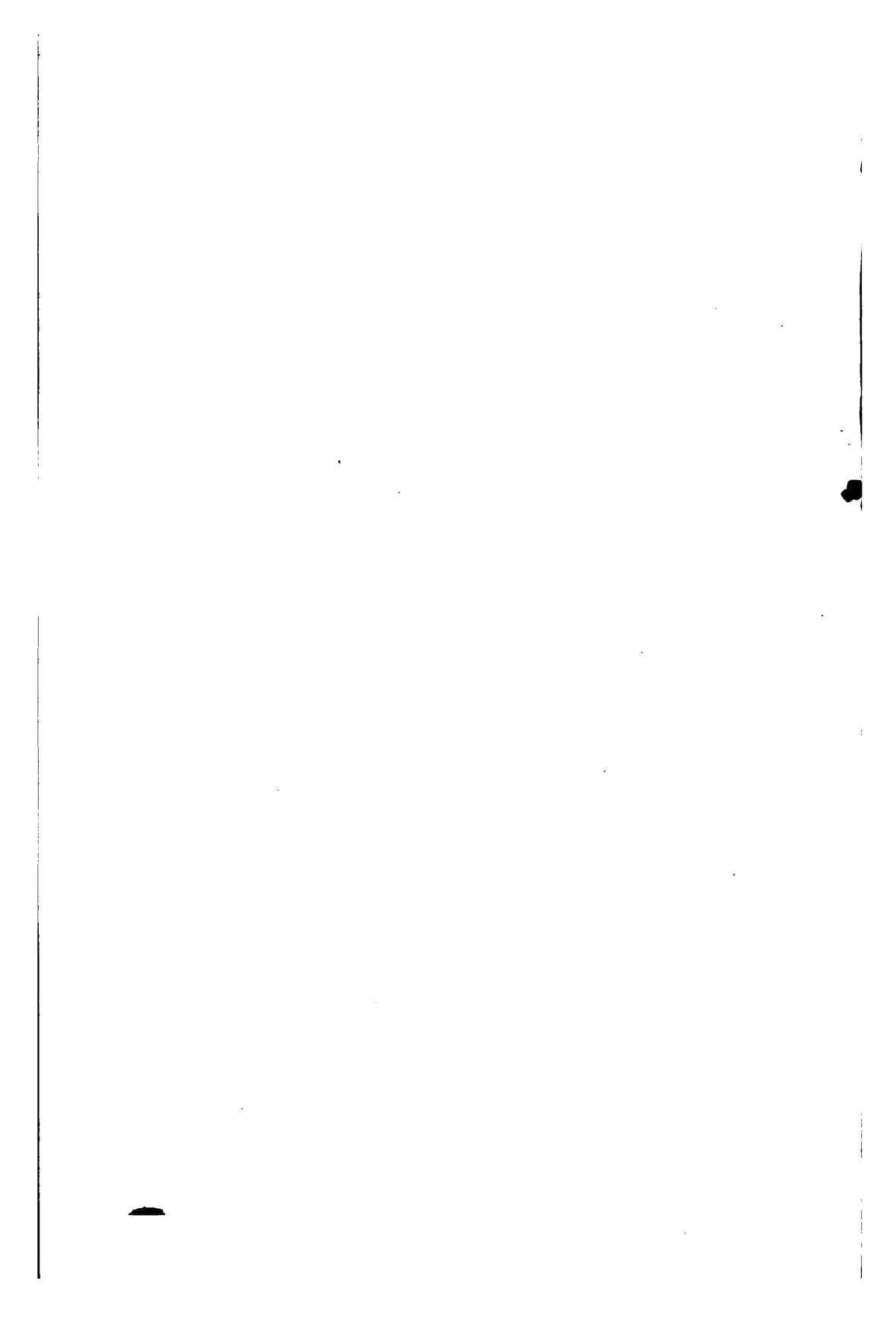
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PROCEEDINGS
OF THE
Eleventh Annual Meeting
TRUST COMPANY SECTION
American Bankers' Association
AT
OLYMPIC THEATRE
ST. LOUIS, MO.
October 16, 1906



EDITED BY
JAMES R. BRANCH
SECRETARY AMERICAN BANKERS' ASSOCIATION
1906

PRESS
DAILY BANKER AND STOCKHOLDER
NEW YORK

ELEVENTH ANNUAL MEETING
TRUST COMPANY SECTION
American Banking Association

ST. LOUIS, MO., OCTOBER 16, 1906, 10 O'CLOCK A. M.

OFFICERS OF THE TRUST COMPANY SECTION,
AMERICAN BANKERS' ASSOCIATION.
1906.

PRESIDENT
FESTUS J. WADE,
President Mercantile Trust Company, St. Louis, Mo.

FIRST VICE-PRESIDENT
PHILIP S. BABCOCK,
Vice-President Colonial Trust Company, New York City.

CHAIRMAN EXECUTIVE COMMITTEE
A. A. JACKSON,
Vice-President Girard Trust Company, Philadelphia, Pa.

SECRETARY
JAMES R. BRANCH,
5 Nassau and 11 Pine Streets, New York City.

ASSISTANT SECRETARY
E. F. HUBBALL,
5 Nassau and 11 Pine Streets, New York City.

EXECUTIVE COMMITTEE

Term expiring 1907.

A. A. JACKSON, Second Vice-President Girard Trust Company, Philadelphia,
Pa.

PHILIP S. BABCOCK, Vice-President Colonial Trust Company, New York City.

WILLIAM W. MACKALL, President Savannah Trust Company, Savannah, Ga.

F. B. GIBSON, Vice-President International Trust Company, Denver, Colo.

E. J. STELLWAGEN, President Union Trust Company, Washington, D. C.

Term expiring 1908.

W. L. McDONALD, Vice-President Commonwealth Trust Company, St. Louis,
Mo.

H. P. MCINTOSH, President Guardian Savings and Trust Company, Cleveland,
Ohio.

JOSEPH E. OTIS, President Western Trust and Savings Bank, Chicago, Ill.

LYNN H. DINKINS, Vice-President Interstate Trust and Banking Company, New
Orleans, La.

J. F. THOMPSON, Vice-President Bankers' Trust Company, New York City.

Term expiring 1909.

RALPH W. CUTLER, President Hartford Trust Company, Hartford, Conn.

BENJAMIN I. COHEN, President Portland Trust Company, Portland, Ore.

O. C. FULLER, President Wisconsin Trust Co., Milwaukee, Wis.

SAM W. REYBURN, President Union Trust Company, Little Rock, Ark.

JOHN H. HOLLIDAY, President Union Trust Company, Indianapolis, Ind.

VICE-PRESIDENTS

- Alabama W. W. CRAWFORD, President American Trust and Savings Bank, Birmingham.
- Arkansas CHARLES MCKEE, Secretary Mercantile Trust Company, Little Rock.
- California W. L. BRENT, President Merchants' Trust Company, Los Angeles.
- Connecticut CHARLES E. HOYT, Secretary-Treasurer South Norwalk Trust Company, South Norwalk.
- Illinois H. L. CHAPMAN, Vice-President People's Savings Bank and Trust Company, Moline.
- Indiana J. H. ROYSE, President Terre Haute Trust Company, Terre Haute.
- Kentucky A. Y. FORD, Treasurer Columbia Finance and Trust Company, Louisville.
- Louisiana L. E. THOMAS, President Continental Bank and Trust Company, Shreveport.
- Maine GEORGE E. MACOMBER, President Augusta Trust Company, Augusta.
- Maryland DOUGLAS H. GORDON, President International Trust Company, Baltimore.
- Massachusetts ARTHUR ADAMS, Vice-President City Trust Company, Boston.
- Missouri ALBERT J. ENRIGHT, Secretary Missouri Valley Trust Company, St. Joseph.
- New Jersey J. H. CASE, Secretary-Treasurer Plainfield Trust Company, Plainfield.
- New York OSCAR L. GUBELMAN, Vice-President Guaranty Trust Company, New York.
- North Carolina JOHN S. HILL, Vice-President Home Savings Bank, Durham.
- Ohio FRANK A. SCOTT, Secretary-Treasurer Superior Savings and Trust Company, Cleveland.
- Pennsylvania CHARLES E. WILLOCK, Treasurer Fidelity Title and Trust Company, Pittsburg.
- Rhode Island HERBERT J. WELLS, President Rhode Island Hospital Trust Company, Providence.
- Tennessee ROBERT L. BROWN, President City Bank, Memphis.
- Texas J. S. RICE, President Union Bank and Trust Company, Houston.
- Vermont JAMES W. BROCK, President Montpelier Savings Bank and Trust Company, Montpelier.
- Virginia J. B. FISHBURN, President Southwest Virginia Trust Company, Roanoke.
- West Virginia C. B. HART, Investment Officer Security Trust Company, Wheeling.

MEMBERSHIP IN THE AMERICAN BANKERS' ASSOCIATION.

Those desiring to join the Association can do so by sending check for membership dues to the order of the Secretary, address to the offices of the Association, 5 Nassau and 11 Pine Streets, New York City. On receipt of the dues a certificate of membership in the Association will be sent. There are no extra dues for membership in the Trust Company Section. The dues as fixed by the Second By-Law are: Private Bankers, Brokers and Banking Firms, \$10.00; Banks and Trust Companies with less than \$100,000 capital and surplus, \$10.00; Banks and Trust Companies with \$100,000 capital and surplus, and less than \$250,000, \$20.00; Banks and Trust Companies with \$250,000 capital and surplus and less than \$500,000, \$25.00; Banks and Trust Companies with \$500,000 capital and surplus and less than \$750,000, \$30.00; Banks and Trust Companies with \$750,000 capital and surplus and less than \$1,000,000, \$40.00; Banks and Trust Companies with \$1,000,000 capital and surplus and less than \$5,000,000, \$50.00; Banks and Trust Companies with \$5,000,000 capital and surplus, and over, \$75.00.

BY-LAWS OF THE TRUST COMPANY SECTION.

SECTION 1. The administration of the affairs of the Section shall be vested in a President and a First Vice-President of the Section, and an Executive Committee. From each State from which there shall be, at the time of an annual meeting, ten trust companies which are members of the American Bankers' Association, there shall be elected a Vice-President of the Section. The Vice-Presidents of the Section shall be invited to attend the meetings of the Executive Committee, and shall generally act in an advisory capacity to the Executive Committee, but shall not be entitled to vote. The Executive Committee shall consist of fifteen members in addition to the President and First Vice-President, who shall be ex-officio members of such Executive Committee.

The President, Vice-Presidents and members of the Executive Committee shall serve until their successors shall be chosen or appointed, but shall not be eligible for re-election for the period of one year after the expiration of their respective terms of office.

The Executive Committee shall select its own Chairman from among its members, and shall also select a Secretary of the Section, who may or may not be a member of the Section.

The Executive Committee shall, as soon as may be after their organization, divide themselves by ballot into three classes of equal number, designated as the first, second and third class, of which the first class shall remain in office one year, the second class two years, and the third class three years, and at each annual election members of the Executive Committee shall be elected for a term of three years to fill the vacancies created by the retiring class.

The Executive Committee shall have power to fill vacancies until the next annual meeting, and may adopt all necessary rules for the business of the Section.



ELEVENTH ANNUAL MEETING
TRUST COMPANY SECTION
American Bankers' Association

OLYMPIC THEATRE.

ST. LOUIS, Mo., October 16, 1906.

The meeting was called to order at the Olympic Theatre by the President of the Section, Mr. Clark Williams, Vice-President of the Columbia Trust Company, New York City.



ADDRESS OF WELCOME.

BY FESTUS J. WADE, PRESIDENT MERCANTILE TRUST COMPANY, ST. LOUIS, Mo.

Mr. President, Ladies and Gentlemen:

IT IS INDEED a happy privilege to have the honor of extending to you in behalf of the St. Louis trust companies and the citizens of St. Louis and the bankers of St. Louis a most cordial and sincere welcome.

It is particularly fitting that the tenth anniversary of the Trust Company Section should be held in the City of St. Louis. The father of the organization, Mr. Breckinridge Jones, President of the Mississippi Valley Trust Company, through untiring efforts and by reason of his indomitable will, created the organization known as the Trust Company Section of the American Bankers' Association, in a convention assembled in St. Louis just ten years ago. To him belongs the honor of bringing this organization to its present station, to its present condition of progress; to him belongs the thoughtfulness of creating an organization so beneficial to the trust companies of the United States.

Those of us who are active in the conduct of trust companies in this section of the country, at least, are beginning to realize—and some of us have realized for a long time—that the trust company is second in importance only to the national banking system itself in the realm of finance; and that it will, before another period of twelve years rolls by, provided those of you who have the administration

of the affairs of your respective companies will continue to manage them with the care and the fidelity and the conservatism that has marked the management of trust companies so far, exceeds the national banking system itself in capital, surplus and deposits. I know if there is any national banker here he will probably take exception to that view and regard it as an extravagant statement. And yet, what are the figures of the last decade? Ten years ago the total resources of all the national banks of the United States, with the power of the government behind the national bank, and with thirty years of existence, amounted to \$3,300,000,000-in round figures. To-day the national banking system has grown one hundred and six per cent. in ten years; and deducting the deposits of the government from the national banking system you have approximately \$7,000,000,000. What has the trust company done in that time? Ten years ago, from the best figures obtainable, the aggregate resources of all the trust companies of the United States amounted to only \$900,000,000. To-day they amount to over \$4,000,000,000, an increase of over three hundred per cent. in ten years, as against one hundred and six per cent. increase in the national banking system. What does that mean? It means, gentlemen, that the people of the United States are realizing the value of the trust company as a financial institution. It means that the stamp of conservatism has been placed upon that organization and all that you have to do to continue to prosper and succeed and be an important factor, and the most important factor in the financial history of this country, is to keep up your strong cash reserve, and frequent examinations of your institutions and prosecute relentlessly and remorselessly any offender or officer who violates his trust. (Applause.)

Response on behalf of the Trust Company Section by the President of the Section, Mr. Clark Williams.



REPLY TO ADDRESS OF WELCOME.

BY CLARK WILLIAMS, PRESIDENT OF THE SECTION.

ON behalf of the members of the Trust Company Section of the American Bankers' Association I sincerely thank you for these kind words of welcome to St. Louis, and for the generous hospitality which you have offered us here. It is a particular pleasure to us to receive this greeting at your hands, since through our association with you and our trust in you which made you an officer of the section, we know the sincerity with which this welcome is given, and that we are among our friends.

With the same purpose that brings us here to-day we have met before in the North, the East, the South and the West. Now we come together in the very heart of our country, and you surely have given us a welcome from the heart. The records show that my predecessors in office, in replying to addresses of welcome have taken occasion to speak eloquently of the manufacturing activities and commercial prestige of the cities we have visited, of their historic interest and natural beauty, as well as of the charm and beauty of their women. Your present presiding officer reluctantly admits that his powers of expression are inadequate to do justice to so great a theme.

TENTH ANNIVERSARY OF THE FOUNDING OF THE TRUST COMPANY SECTION IN ST. LOUIS.

It is particularly fortunate, however, that we meet in St. Louis to-day, for here we may most properly celebrate an important anniversary of the founding of the Trust Company Section. Ten years ago on the twenty-second of September, 1896, Breckinridge Jones called together the seventeen representatives of the trust companies who had met as members of the American Bankers' Association in annual convention at St. Louis, with the purpose of organizing a section of that association to be devoted to the interests of trust companies as distinguished from those of the banks.

RELATION OF BANKS AND TRUST COMPANIES.

These men builded better than they knew, and it is creditable to their foresight and to the wise judgment of those who have come after them that we have always steadfastly adhered to the principle they then laid down in creating this section subordinate and supplemental to the American Bankers' Association. Representing co-ordinate branches of moneyed institutions, we are a part of the warp and woof of the financial fabric of this country, and it is to our interest to stand as an integral part of the American Bankers' Association, which aims to bring within its folds the financial powers of the United States.

The functions of national or State banks and trust companies are co-operative rather than competitive, and it is a satisfaction to recognize in this common

association the evidence of a friendly interdependence between these classes of institutions.

WORK OF THE TRUST COMPANY SECTION.

From this small beginning ten years ago the Trust Company Section has become a great power with its seven hundred members, whose assets run into the billions of dollars. The enormous growth of the trust company system, as the result of the demands of existing business conditions and the progressive spirit of our time, has required a response from this organization, and we are under an ever-increasing responsibility to see that the power which in us lies is directed to the protection and safeguarding of our institutions. Realizing this responsibility the Trust Company Section has accomplished much. It has been our purpose, so far as possible, to secure the enactment of laws in the different States prohibiting the use of the word "Trust" in the title of any corporation not a moneyed corporation or chartered to do a trust company business. We have also endeavored to secure the enactment of laws providing for adequate State supervision of the trust companies, requiring thorough examination and frequent public report. While much has been accomplished by the committees having this work in hand, much is yet to be done. We cannot overestimate the importance of these safeguards as essential to the good of all, nor can we urge too strongly that every member of the section give his hearty co-operation to those immediately in charge of this work and to the vice-presidents of our respective States, who are aiding in accomplishing the desired end.

REMARKABLY CLEAN RECORD OF TRUST COMPANIES.

We may contemplate with some degree of pride the record of the past. Many of you will remember that two years ago at our New York meeting, as the result of exhaustive research, Mr. Jackson, of Philadelphia, informed us that "the average ratio of the liabilities of failed trust companies throughout the country to the total average assets of all the companies has been approximately nine one hundredths of one per cent," an average far less than that of any other kind of financial institution. Mr. Jackson further observed that "failures among us seemed to be reduced to a minimum. They would seem to have been brought about by imprudent management, depreciation of securities and excessive loans to clients, while in only one instance has there been assigned as a cause of insolvency the defalcation of an officer." This is certainly a tribute to the character of the men who guide the destinies of our companies. The four billion dollars of assets of the trust companies of the United States is potent proof of the confidence of our people in the worthiness of the administrators of this great trust.

LESSONS DRAWN FROM THE REAL ESTATE TRUST COMPANY FAILURE.

But of late the whole country has been shocked with the revelations of the condition of affairs in the Real Estate Trust Company of Philadelphia. Following so closely on the failure of the Stensland bank in Chicago the effect on the public mind of this disaster cannot be estimated. Yet some great good may come from such a catastrophe, if only in the practical lessons we may learn of lasting benefit. Nothing could more clearly demonstrate the wisdom of the

policy of this section in advocating adequate State supervision. It seems to have been so lacking in this particular case that the trust companies of the State of Pennsylvania are considering the advisability of calling a general convention to demand relief from present unsatisfactory conditions.

DUTIES OF DIRECTORS.

With the insurance investigations as a background and with the knowledge of the circumstances surrounding the failures at Chicago and Philadelphia there has come an awakening of public sentiment, which demands in no uncertain terms a keener appreciation of responsibility by those having in their care the affairs of our financial institutions. Much has been said of late of the duties of directors. In his recent address before the Pennsylvania Bankers' Association Comptroller Ridgely took occasion to quote a decision of the United States Supreme Court, Mr. Chief Justice Fuller delivering the opinion, as follows:

"We hold that directors must exercise ordinary care and prudence in the administration of the affairs of the bank, and that this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers, but this does not absolve them from the duty of reasonable supervision nor ought they to be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

Although this opinion was rendered on a point of law relating to a national bank the force of its conclusions is equally pertinent to other classes of financial institutions. We take it for granted that the duties of our directors are clearly defined in our own minds, but do we as officers of these companies make it possible for them to do their full duty? Are we not in some measure responsible for the lax or perfunctory performance of their trusts? Are we not in some cases satisfied with star chamber proceedings or kitchen cabinet management? I believe it to be the duty of every trust company official, not only to his institution but to himself, to adopt such means as are best calculated to keep the directors of his company closely in touch with its affairs, not only by formal report but by requiring their frequent personal examination of the cash, securities and loans. Let them relieve themselves, if they will, of the manual labor by employing independent expert accountants. By such a policy not only will the direct advantage of proper supervision be gained but the interest of your director will be maintained, and he will have that satisfaction which comes from a sense of duty well performed. Mr. Ridgely has well said: "No man who is in charge of a bank and intends to conduct its business honestly and legally can resent any amount of supervision or examination by his board of directors."

DUTY OF THE CLERK TO REPORT IRREGULARITIES.

Still another lesson should be drawn from our text, involving the relations of the clerical force to the officers and directors of our companies. The testimony of the employees of the failed institutions referred to is striking evidence of the necessity for a clearer understanding of their duty. Our clerks should feel a sense of responsibility that would take them farther than personal loyalty to their officers. Employment in a trust company imposes as well a trust to the

patrons of the institution and to the public at large. These men are human, and we must remember that they are usually dependent. Their first impulse to reveal wrongdoing and depredation is frequently overcome by that sense of dependence, and they answer their conscience in the easiest way—"it is none of my business." It is our duty to assure them that it is their business and to make it possible for them to do their full duty. I do not advocate a system of tattling, gentlemen, but rather an honor system, that may save the clerk at least his self-respect and our institutions pecuniary loss.

SAFEGUARDS SUGGESTED.

I believe that it would be of incalculable benefit to the trust company system as a whole if, by resolution adopted before our adjournment to-day, we direct that a copy of some such notice as the following be generally distributed with the recommendation of the Trust Company Section of the American Bankers' Association that it be promulgated in every trust company in the land:

"Every employee of this company is hereby notified that if at any time he has knowledge of any irregularities on the part of any of the officers or clerks in connection with the business of the company it shall be the duty of such employee to at once notify the Executive Committee of the Board of Directors of such irregularities, who will, in their discretion, withhold the name of their informant.

"Should it be found that any employee has had knowledge of such irregularities and has not reported the same to the Executive Committee such employee will be deemed to have had guilty knowledge and will be dealt with accordingly."

I also deem it proper that we recommend to trust companies generally the adoption of by-laws or resolutions providing for the frequent examination of the company by a committee of directors, chosen by lot, if you please, but rotating in office, whose duty it shall be to make a physical examination of the cash, securities and loans and the collateral securing the same, reporting the result of their examination to the board. Also, I regard it to be desirable that the Trust Company Section of the American Bankers' Association declares that it deems it of the utmost importance that laws should be enacted in every State in which such laws do not exist providing for adequate State supervision, frequent examination and proper public report.

There are those who, in their cool judgment and comforting logic, may believe that because of such disasters as have recently occurred, and are fresh in our minds, we are prone to give these matters too much importance. Yet such disasters bring to light our points of weakness, and is it not our obvious duty to apply the remedy? It is true that from our record in the past this section has little reason to be supersensitive or to strike a note of false alarm. The trust companies are always ready, however, to go to the utmost lengths in maintaining their trustworthiness. Let us meet these questions squarely, gentlemen, and determine to avail of every safeguard that may be devised for the protection of our institutions and the security of our patrons. (Applause.)

MR. FESTUS J. WADE: Gentlemen of the convention, I think that our President has struck the keynote for the preservation and for the best interest of the trust companies, and I would be glad if he would as chairman of the meeting, resign his place as chairman to me for the moment, so that I may entertain a motion to thank him for his address.

MR. C. B. HART, Security Trust Company, Wheeling, W. Va.: I move that the thanks of the Section be extended to our President for his remarkably thoughtful and useful address.

The motion was numerously seconded and, the question being taken, was unanimously agreed to.

The Secretary, Mr. James R. Branch, submitted his report as follows:

SECRETARY'S REPORT.

NEW YORK, August 31, 1906.

To the Members of the Trust Company Section:

The financial statement for the year is as follows:

RECEIPTS.

By appropriation of Executive Council at Washington, D. C., October 13, 1905.....	\$2,000.00
Less debit balance, September 1, 1905.....	216.54
Credit balance, September 1, 1905.....	\$1,783.46

DISBURSEMENTS.

Proceedings, 1905.....	\$594.80
Expenses, Executive Committee Meeting, New York, May 1, 1906.....	318.00
Salary Assistant Secretary.....	780.00
Express charges Trust Company Section Proceedings, 1896-1903	109.33
Lambert-Hull-Deacon Printing Company, St. Louis, Mo., 1,000 pamphlets of reports Special Committee on Safe Deposit Companies, and expressage.....	167.55
Printing, stationery, etc.....	86.47
Rounds, Hatch, Dillingham & Debervoice, account Special Committee on Safe Deposit Companies.....	253.75
Expenses, account convention of 1905.....	212.15
	2,522.05
Debit	\$738.59

By sale of Trust Company Section Proceedings, 1896-1903.	\$1,040.50
By sale of Trust Company Forms.....	296.75

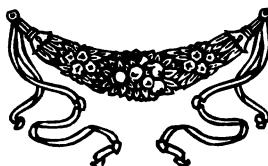
	1,337.25
Credit balance, August 31, 1906.....	\$598.66
Credit balance, September 1, 1905.....	\$1,783.46
Credit balance, September 1, 1906.....	598.66

Net cost of the section to the American Bankers' Association for year 1905-1906.....	\$1,184.80

At the close of the fiscal year, August 31, 1905, 638 members had paid their dues, but, owing to withdrawals and liquidations, thirty-three were dropped from membership, leaving 605. One hundred and thirteen trust companies were added to the rolls since September 1, 1905, enlarging the present membership to 718, the largest in the history of the Section.

Respectfully submitted,
JAMES R. BRANCH,
Secretary.

Upon motion of Mr. Stellwagen, President of the Union Trust Company, Washington, D. C., the report was received and placed on file.



REPORT OF THE EXECUTIVE COMMITTEE.

To the Members of the Trust Company Section of the American Bankers' Association:

IN ACCORDANCE with custom, the Executive Committee of this Section of the American Bankers' Association, immediately after the close of the last convention in Washington, organized for the ensuing year by the election of a chairman and the appointment of its various committees. It elected as Chairman, Mr. Pierre Jay, then Vice-President of the Old Colony Trust Company, of Boston, who had taken a keen interest and active part in the work of the Section. In the early winter, however, the great State of Massachusetts paid Mr. Jay, and through him the trust companies of the country, the honor of appointing him its Bank Commissioner under its new charter, providing for a single commissioner in place of the former commission. We are to have the pleasure of hearing an address from Mr. Jay at this meeting, and your Committee desires to put on record the Section's appreciation of his services in its behalf, and to acknowledge the honor paid to the trust companies of the country by the selection of a trust company official for the responsible position now held by him.

The Secretary's report shows a gratifying increase in the members of the Section, but your Committee cannot urge too strongly the necessity of each member of the Section, through its officers, giving their individual efforts to increase our membership. The trust companies of the United States have a very high and lofty position in the financial system of our people; they are more than banks taking care of the working cash of the people; they are conserving the surplus earnings of our citizens, guarding the interests of the widows and orphans, administering sacred trusts; and a convention such as this, where its members can assemble to discuss the best means for carrying out these duties, should have the unanimous support and membership of all companies.

One of the important matters brought to the attention of the Executive Committee at its meeting held in New York City in May last was the necessity of devising some plan for safeguarding the issues of municipal securities. Your Committee authorized the appointment of a committee to consider this very important matter and requested its representative in the Council of the Association to bring the matter before them. This was done, and the Council appointed a committee of three to act jointly with the committee appointed by this section. We are to have the report of this committee to-day, and we trust that the efforts of this joint committee will bring about some feasible and proper method of safeguarding securities which to-day are very often cheaply prepared, with no certificate of authenticity and with very little protection against forgeries and over issues.

The Special Committee appointed by the Council of the Association to revise its by-laws has recommended that the Trust Company Section should have three representatives on the Council. Your Committee endorse this recommendation and

suggest that at the proper time a resolution to that effect be presented for action.

Your Committee again calls the attention of its members to the real, practical value of these conventions, through the discussion of topics of interest in our business relations, and urges that all members take part in these discussions. It is also desired that the committee be notified of any topic which any member present would care to have discussed either at this meeting or at the one next year.

Respecefully submitted,

P. S. BABCOCK,
Chairman Executive Committee.



On motion of Mr. H. P. McIntosh, President of the Guardian Savings and Trust Company, Cleveland, Ohio, the report was received and placed on file.

Mr. Lynn H. Dinkins, chairman of the Committee on Protective Laws, submitted the following report:



REPORT OF COMMITTEE ON PROTECTIVE LAWS.

BY LYNN H. DINKINS, VICE-PRESIDENT OF THE INTERSTATE TRUST AND BANKING COMPANY, NEW ORLEANS, LA.

To the Members of the Trust Company Section:

DURING the past twelve months, the Committee on Protective Laws has assisted in securing satisfactory legislation protecting the use of the word "trust" in Mississippi and Iowa.

The attention of trust company officials in Georgia, Ohio, Kentucky, Pennsylvania, Louisiana, South Carolina, Vermont, Missouri, Maryland and Virginia has been directed to the importance of taking similar action whenever, in their opinion, an opportune time arrives for securing favorable consideration from their legislators.

The Committee found in some States a considerable number of bank and trust company officials opposed to the enactment of laws providing for State supervision. It is believed as the benefits derived from such laws are better understood by interior bankers, this opposition will gradually disappear, and that, within a few years, it will be possible to obtain the united support of all institutions in securing desired legislation.

Respectfully submitted,

LYNN H. DINKINS,
H. P. McINTOSH,
PHILIP S. BABCOCK, } Committee.

Upon motion, the report was received and placed on file.

REPORT OF COMMITTEE ON BETTER PROTECTION FOR MUNICIPAL SECURITIES.

BY H. P. MCINTOSH, OF CLEVELAND, OHIO.

YOUR COMMITTEE, to which was referred the subject of municipal bonds, regret that on account of the illness of some of its members and other causes beyond its control, it has not had time to give this subject the exhaustive examination its importance entitles it to, hence must content itself with making a very incomplete report.

Although your Committee, before making any investigation of the subject, realized that it is very comprehensive and intricate, it was hardly prepared to encounter the facts with reference to it and the evils that should be eradicated which its brief investigation brought to its attention.

The making, issue and sale of municipal bonds have been and are very large —to illustrate:

During the last six years the issue or sales have been about as follows: 1900, \$173,679,045; 1901, \$149,498,689; 1902, \$152,846,335; 1903, \$152,281,-050; 1904, \$250,754,946; 1905, \$183,080,023, and for nine months of this year, \$329,367,225 (authority F. & C. Chron. and Bond Buyer), a grand total of \$1,391,507,313 for five years and nine months.

There are now outstanding about \$2,862,367,000 of such bonds. Certainly a sum of money entitled to the protection of the most rigid statutes governing the issue, sale and payment of such bonds, especially as they are used very extensively as collateral for bank loans and are invested in largely by savings banks, "those custodians of the most sacred trust funds," and by other individuals and institutions that are willing to accept their usually low interest return compensated by their usual certainty of payment.

Notwithstanding their usual certainty of payment and usual genuineness, we find that there are numerous exceptions—on account of their being fraudulently, unconstitutionally or so hastily issued by the municipality that some of the plain statutory requirements are omitted—or they may possibly be forged; it is to decrease and if possible to prevent similar exceptions occurring in the future that this Association should direct its efforts.

A hasty examination of the statutes of a number of our States informs us that Texas is the first to recognize the importance of ample legal protection to buyers of municipal bonds—it having passed a statute, a synopsis of which is as follows:

"Article 918-d. Any county, city or town desiring to issue bonds authorized by the constitution and laws of the State, shall, before such bonds are issued, forward to the Attorney General said bonds, a certified copy of the order or

ordinance levying the tax to pay interest and provide a sinking fund, a statement showing total debt including said bonds, the assessed value of property for taxation, with such other information as the Attorney General may require. Upon receipt of such the Attorney General shall carefully examine said bonds in connection with the facts and constitution and laws, and if, as a result of such examination, he finds that they were legally issued and are valid and binding obligations upon such county, city or town by which they are executed, he shall so certify.

"Article 918-e. When examined by the Attorney General and his certificate attached thereto, they shall be registered by the Comptroller. This article was amended later, providing that where funding or refunding bonds are issued they shall not be registered by the Comptroller until the bonds which they are to replace are presented to him for cancellation, when, after registration of the new, he shall cancel the old and deliver the new to the proper parties. Old bonds may be presented in installments and a like amount of new bonds then registered and cancelled.

"Article 918-f. Such bonds, after receiving the Attorney General's certificate and have been registered in the Comptroller's office, shall thereafter be held in every proceeding attacking their validity, be considered prima facie and binding obligations, and in every such proceeding, the Attorney General's certificate or a certified copy thereof shall be received in evidence of their validity, and the only defense against validity shall be forgery or fraud, or an issue in excess of constitutional limits or contrary to its provisions and all the excess shall be void.

"Article 918-g. This article does not apply to bonds issued before its passage."

In an address on municipal bonds by Mr. Weil, a bond dealer of Cincinnati, before the Ohio Bankers' Association in 1905, he makes the following criticism of this statute: "It will be seen that this statute makes three important exceptions to the protective force of this law, namely, fraud, forgery and constitutional violation. Against forgery, as an exception, there can of course be no objection, but as regards fraud and constitutional violation, these are among the more numerous causes for municipal repudiation, especially the latter. In this respect the statute falls considerably short of being a complete bar against future litigation," and he continues as follows:

"The Legislature of Georgia seems to have arrived at a solution which removes the objections of the Texas statute, in that it has enacted a law which requires a judicial decision upon all legal points prior to the delivery of the bonds, and a judgment rendered in favor of their legal issuance is binding for all time against all persons in the courts of that State. This Georgia statute, enacted in December, 1897, requires, in substance, that after an election has been held for the purpose of issuing bonds, which results in favor of such issue, the Solicitor General of the judicial circuit wherein the election is held must be notified thereof within twenty days of such election. The Solicitor General is required within twenty days to file a petition in the office of the Superior Court giving all the facts. The municipality is then served—within twenty days—with a notice requiring it to appear and show cause why such bonds should not be confirmed; the Supreme Court then determines all legal questions relating thereto, and oppor-

tunity is given to any citizen to appeal from the judgment of the court. If no protest is registered, and the court approves the issue, such bonds can never thereafter be questioned in the courts of the State.

"While the Texas law is a great advance in the right direction, yet it has this weakness, that a statute cannot take liberties with constitutional provisions. The strength of the Georgia law is that the bonds have judicial confirmation, both as to being within the statute and the constitution; and, while the protection afforded by Georgia is to all intent a theoretical solution of the problem, it is a question whether the necessary delays incidental to a judicial hearing would not of itself be a serious objection. This plan is in its nature cumbersome, and wanting in that degree of quickness which should characterize legal proceedings involving the issuance of bonds, whose value is more or less subject to fluctuations. The money market may rise or fall, thereby seriously affecting the price of the municipal securities, important events may transpire, all of which may happen in the interval elapsing between the time of the authorization of the bonds and the final hearing by court of the question of legal sufficiency."

Last year two bills were drafted at the request of numerous Ohio bankers, one "covering the legality of bonds" by Mr. Weil, of Weil, Roth & Co., of Cincinnati, the other, "referring strictly to fraudulent issues of bonds" by Mr. Hayden, Miller & Co., of Cleveland.

The following is a synopsis of the former bill:

"SECTION 1. Provides that any municipality desiring to issue bonds as authorized by the Ohio constitution and laws shall, before said bonds are offered for sale, forward to the Attorney General a certified copy of all ordinances, resolutions and proceedings passed or taken in relation to such bonds and if bonds are issued under certain acts of Ohio, then furnish an additional statement certified to by the County Auditor showing the value of all property as listed and assessed for taxation, and a statement of the total bonded indebtedness of such municipality, including the bonds proposed to be issued and such other information as the Attorney General shall require.

"SEC. 2. Provides that the Attorney General shall carefully examine such ordinances, resolutions and statements in regard to the facts and Ohio constitution and laws.

"SEC. 3. If the Attorney General finds as a result of his examination of said ordinances, etc., that said bonds will be valid and binding obligations, he shall so certify three certificates of this fact, one to be preserved in his office, one delivered to issuing municipality and one to any State officer who shall be required by law to certify as to the genuineness of such bonds.

"SEC. 4. Provides that each bond so approved by the Attorney General shall have on it the following certificate:

"It is hereby certified that this bond has been issued in accordance with the constitution and laws of the State of Ohio, dated and signed by the Attorney General, and after the said bond shall have been printed or engraved and signed by the duly authorized officer and previous to their delivery to any purchasers, the Attorney General shall date and sign said certificate and fix the seal of his office thereto.

"SEC. 5. Provides that any officer of the State required by law to certify to the genuineness of bonds shall not do so unless he is furnished with the Attorney General's certificate.

"SEC. 6. Stipulates the fees to be charged by the Attorney General.

"SEC. 7. Provides that every bond which shall have been found by the Attorney General to have been issued in conformity to the Constitution and laws of Ohio shall, in every proceeding attacking its validity or in any proceeding brought to enforce or prevent its collection, with its coupons, be held a valid obligation of the county, municipality, etc., issuing the same, provided that the only defense against its validity shall be forgery, or that its issuance is in violation of any constitutional provision."

A synopsis of Mr. Hayden's bill is as follows:

"SECTION 1. Provides that the Secretary of State shall keep on hand a supply of such paper as is usually used by municipalities for bonds, which paper shall only be used for this purpose, and delivered by the Secretary of State as provided in this act. Also describes this paper, such as having water marks, special words and numbers, and having thereon the following certificate of the Secretary of State:

"It is hereby certified that this bond is one of the bonds of the issue to which, upon the face hereof, it purports to belong." Dated, signed and sealed.

"SEC. 2. State to bear cost of paper, printing and engraving thereof.

"SEC. 3. Whenever any municipality has determined to issue bonds for legal purposes and has taken the necessary steps, the proper officer thereof shall furnish the Secretary of State with a certificate giving full information about said bonds, and a request for the necessary number of sheets of said paper. Upon receipt of such certificate and request the Secretary of State shall furnish to such proper officer the necessary sheets of paper, keeping a specific record of the same.

"SEC. 4. Covers the loss, mutilation or destruction of any of said sheets and the supplying of other sheets therefor.

"SEC. 5. After said bonds are executed by the municipality, they shall be presented to the Secretary of State with evidence as to the genuineness of the signatures of the officers signing them, and when the Secretary is satisfied that said signatures are genuine he will execute said certificate and after registering the bonds he will deliver them to the proper agent of the municipality.

"SEC. 6. Provides that the Secretary of State shall keep a full and complete record of the bonds and all information he has received about them.

"SEC. 7. Provides for Secretary's fees.

"SEC. 8. Provides that any municipal bond or coupon shall be invalid unless printed or engraved upon the paper specified by this act, and even if so printed shall be invalid unless having thereon said executed certificate of the Secretary of State."

These two bills received the endorsement of the Executive Committee of the Ohio Bankers' Association, and were introduced into the Legislature, but no particular action was had on them.

It has been suggested that laws be enacted in the various States, providing that municipalities have a trust company trustee for its bond issues, said trust com-

pany to co-operate with the municipality in issuing such bonds and to have the custody of all documents in reference thereto.

As it may take some time to enact any of the foregoing, the municipal bond buyer is in the meantime left without better protection than he now has.

Doubtless if municipalities would, previously to statutory requirement, make trust companies trustees of their bond issues, this would improve the situation.

This hasty examination of the statutes of a number of other States besides Georgia and Texas, shows that these are in a very unsatisfactory condition, hence, in need of radical amendment, but what amendment should be made your Committee is not prepared to state specifically. It may be that the varying conditions of the several States preclude an absolute uniformity of municipal bond law, but why cannot a State Legislature eliminate much of the uncertainty now existing by passing suitable bond laws which accomplish the same purpose with reference to municipal bonds that the negotiable instrument acts passed by some of the States have accomplished with reference to these instruments, which, while largely declaratory of the law as already established by the courts, have done much to settle mooted questions concerning this important subject. Surely any sensible legislation concerning municipal bonds which will result in additional security to the investor, and not transgress the constitution of the State enacting, is desirable. It may be possible that the Committee, in its hasty examination of the statutes of other States, may have overlooked the requirements of some of them.

Your Committee hopes that this brief report, merely "scratching the surface" of this important subject, will cause this Association to appreciate the seriousness of the matter and the advisability—if not the absolute necessity—of its most careful and exhaustive examination and of some definite action. To this end it earnestly recommends that a committee on this subject be appointed for next year with full power to employ necessary counsel and with this brief report respectfully asks its discharge.

JOSEPH G. BROWN,
H. P. HILLIARD,
S. M. GRISWOLD,
H. P. MCINTOSH,
J. F. THOMPSON,
E. G. TILLOTSON, }
Committee.



THE PRESIDENT: You have heard the report of the Committee on Better Protection for Municipal Securities. The suggestion has been made that this Committee be discharged and that a committee be appointed to continue the work. In the opinion of your chairman, that would be ill-advised, and I believe we should ask these gentlemen to continue the consideration of this question. The report is before you; what is your pleasure?

MR. KAUFMAN, of Tacoma, Wash.: I move the report be received and that the committee be continued for another year of work.

The motion was seconded and, the question being taken, it was agreed to.



DEFALCATIONS; WHAT CAN BE DONE TO DECREASE THEM.

BY HON. PIERRE JAY, BANK COMMISSIONER OF THE STATE OF MASSACHUSETTS.

THE PRESIDENT of a large surety company recently told me that his company had had to deal with one bank embezzlement case a month on the average for the past twenty-two years. When you consider that there are eight or ten other surety companies issuing fidelity bonds to bank employees, which are probably having proportionately similar experiences, and when you consider that perhaps two out of three of the minor embezzlements never reach the surety companies, but are made good by relatives and friends, or are charged to profit and loss, I think I am safe in estimating that a new case of bank embezzlement is being discovered in the United States on every day in the year.

Of course, the great majority of these peculations are small and do not affect in any way the stability of the institutions in which they occur, and distributed among the twenty thousand national and State banks and trust companies of the country, they cut a small figure indeed. Nevertheless, on the basis of the foregoing estimate, and in proportion to the number of their banks, there would be eighteen defalcations a year in Missouri, fourteen in Illinois, seventeen in New York, and so on, a sufficient number to create a situation which deserves and is receiving the careful attention of bank directors and officers all over the country. Indeed, so much has been written and said on the subject of late that I hesitate very much to attempt to say anything further, and trust that you will excuse me if, in discussing it, I repeat many things with which you are already familiar.

In the first place, let us remember that no man can embezzle without the opportunity, and while it is impossible to devise a system which shall be embezzlement-proof, or that shall prevent common thievery, it is nevertheless the duty of

those in charge of banking institutions, in justice not only to their depositors and stockholders, but also to their employees, to attempt to reduce the number of opportunities for embezzlement to the minimum. How can this best be accomplished?

ACCOUNTING SYSTEM.

First. By establishing a thorough system of accounting. By this I do not mean the installing of one form of ruling in preference to another or the use of loose leaves instead of bound books, but the establishment of a system, complete in all its ramifications, culminating in the daily balance statement, and hedged about with as many automatic checks and as much division of responsibility as the situation will permit.

It is evident that in order to devise such a system one must be familiar with the business done by the bank or trust company and with the local or special conditions surrounding it. It would be impossible to devise a system which would fit all or even a majority of the banking institutions of the country, and the diversity of the business done by trust companies would render it especially difficult to lay out anything approaching a standard system for them. Nor is a system once adopted by a bank necessarily good for all time, natural growth and the more rapid development of certain departments may in a few years render inadequate a system which formerly served it well.

Consequently, it is to those experienced in constructive bank accounting that a bank should turn for the establishing or readjusting of its system, and, unfortunately, really expert advice of this kind is often hard to obtain. Unless the bank is situated in one of the great cities, where such advice is to be had, it should not turn for it to a neighboring accountant, who, in ninety-nine cases out of a hundred, will have had no practical experience in devising system of bank accounting, but to its correspondent in one of the great banking centers, who will undoubtedly be able to suggest some experienced accountant or bank officer for the task. A week's visit from such an expert would suffice to investigate and perfect the system of any bank of moderate size, and the cost, say twenty-five dollars a day and expenses, would be so small that no bank could be deterred by it.

In planning a system of bank accounting, two ideas should be borne constantly in mind: First, to have the cash and security handling done by a separate set of clerks from those who do the bookkeeping, laying down the strictest rules against a cash handler having access to the books and against a bookkeeper having access to the cash or securities. Second, to subdivide the work so thoroughly that no one man can carry through and complete a transaction himself. The cashier or other designated officer who has authority to sign drafts, orders, debit and credit tickets and certificates should have access to neither cash nor books. The rules of the system should be clearly understood and rigidly adhered to.

A proper system of accounting will prevent more embezzlements than a proper system of auditing will disclose, and it will save many a naturally honest man from yielding, under great stress, to the temptation of stealing, which a loose system of accounting at least fails to discourage.

AUDITING SYSTEM.

Second. The best accounting system obtainable having been installed, the entries made under it should be audited as frequently as possible. By auditing, I mean checking of the book work of the bank rather than checking the cash, securities and loans.

In many of the largest banks, the work is done by an auditing department which is constantly checking the work of the various departments after the manner described in the report of your Committee on Auditing made at the San Francisco Convention in 1903 most satisfactory results are obtained in this way. The auditing department reports directly to the Board of Directors, for its work is as much a check on the officers as on the clerks.

In smaller banks it is not necessary to have more than one man in the department at a cost of say \$1,500 to \$2,000 a year, who, when necessary, may draw on other clerks in the bank to assist him. In trust companies having several departments, it can easily be arranged to have the clerks of one department audit the work of another department.

The system of auditing, however, as well as the system of accounting, should be devised by some one really expert in such work, whether the audits are to be made internally or by outside accountants.

For the small institution, which cannot afford an auditor and has not sufficient clerks to undertake internal audits, but to which embezzlements are likely to prove more serious than to a larger institution, the auditing question is a perplexing one, the alternatives being costly audits by expert accountants or no audits at all; and, unfortunately, the latter horn of the dilemma is the one too often chosen. In thinking the matter over, it has occurred to me that it would be perfectly feasible for a number of banks in a city, or a district, or a State, national banks, State banks and trust companies combining together if desirable, to form a mutual auditing association which should employ accountants by the year and conduct audits of the members of the association, assessing them only the actual cost of the work. If an experienced bank auditor were placed at the head of such an association, and if he were given a free hand in choosing his assistants, who would probably be selected largely from among the most promising bank clerks in the district, the work could be done as thoroughly as if done by really experienced public accountants and at about one-third the cost.

AUDITS BY EXPERTS.

I do not mean by this to minimize in any way the value of examinations and audits made by expert accountants. It will be a long time before internal auditing has become sufficiently general to materially lessen the growing demand for audits by outside accountants, and, even when a satisfactory plan of internal auditing has been established, many institutions will supplement it by an audit by public accountants, and will publish their certificate in recognition of an increasing demand on the part of the public for examinations of banking institutions by impartial outside agencies just as it is now well nigh universal to publish certificates of accountants in connection with reports of important industrial companies.

While proper systems of accounting and auditing will never altogether prevent

defalcations, they will at least act as a powerful deterrent on those who might otherwise take advantage of loose systems and they will, I believe, serve to detect most irregularities in their early stages.

DIRECTORS' EXAMINATIONS.

But, however serious such defalcation of tellers, bookkeepers and clerks may be, and they sometimes wreck the bank, they are not to be compared, in disastrous results, with excessive or unsound loans and investments made by trusted officers of banks, of which Chicago, Philadelphia and Boston have each had such flagrant cases during the past few months, and which have caused the failure of nearly every bank which has gone down in normal times. Systems of accounting and auditing cannot be relied on to disclose such situations. It is upon the directors that the stockholders, who ultimately bear the losses, and the depositors must rely for protection against mismanagement of this kind, and the Comptroller of the Currency has recently laid new emphasis on both the moral and the legal responsibility of bank directors for the proper management of their institution. The question is, how to make every board of directors realize its responsibility. In most well-managed banks and trust companies, proper supervision is now given by the directors, but there are still many banks in which the directors leave everything to the dominant officer, be he president, cashier or treasurer, and it is such banks that are in especial danger of large defalcations.

I believe that legislation should be enacted in every State similar to the law passed two years ago in New York, which would compel the directors of every bank and trust company to make at least two examinations each year of its condition, through the medium of an examining committee which should not contain any officers or members of its executive committee, such committee to make a sworn report in duplicate, one copy to be presented at the next directors and next stockholders' meetings, and the other to be filed with the State banking or auditing department; the report, in addition to a verified statement of the bank's condition, to contain a list of its assets with the committee's valuation of them, showing which of them are considered worthless or doubtful and which of the securities held as investments or as collateral are not readily marketable; also in which loans and investments the directors or officers are interested, giving the names of the directors or officers in each case. The committee should be allowed to employ assistance in counting the cash and securities, and in verifying the bookkeeping portions of the statement, but it seems to me desirable that they should count and handle the loans themselves, in order that they may become familiar with the notes, endorsements, collateral, partial payments, etc. Such compulsory examinations would add little to the burdens of directors who are already doing their duty, and in no other way can negligent directors be compelled to fulfill their obligations.

Some banks have examinations once or twice a year by a committee of stockholders, either in addition to or in lieu of directors' examinations, which serve as a check on the work of the directors and presumably protect the interest of stockholders not represented on the directorate.

In most banks and trust companies the directors, as a body, meet but monthly, and in some cases but quarterly, the real supervisory work of the bank being

done by a small executive committee of from three to seven directors who meet from one to five times a week. They are the only members of the board who have an opportunity to see the daily workings of the bank and to pass on loans before they are made. The executive committee is usually a permanent body, and is re-elected from year to year, vacancies occurring only by death or resignation. I think that perhaps as feasible a way as any other of awakening the responsibility of the directors, of increasing their interest, and of familiarizing them with the methods and conditions of their institution, would be to allow each director in turn to serve as a regular member of the executive committee for one or more months each year. In the case of a committee of five, three or four of the members would then be considered permanent, and would be re-elected each year, while the other one or two places would be filled from month to month by other members of the board, who would serve only temporarily. This plan has been in practical and most satisfactory operation for a long time in one of the largest and oldest trust companies in the country, and, in a measure, it approximates the English system, under which one or more directors are on duty at the bank for an hour or two every morning, each director having his tour of duty during certain months of the year.

Feeling as we all do, that the object of these meetings will best be attained by the discussion of pertinent topics among its members rather than by the reading of long papers, I have endeavored to be brief and, I hope practical, although the subject of defalcations is one on which a great deal might be said in a general way, and although a great many detailed suggestions might be made to prevent the operation of methods which defaulters are known to have used. In fact, when I was asked to read this paper, it was my intention to go into these practical details, and I gathered for the purpose a number of descriptions of methods employed by defaulters, but the more I studied the subject the more I felt that it would be best to omit the details and to urge upon you these three fundamentals, a self-checking system, frequent audits and directors' examinations, leaving each one in studying his own system, and in planning his own audits and examinations to work out the special tests which his own particular business might require. I am satisfied that if bank officers and directors throughout the country will really give this matter the serious attention it deserves along the lines suggested, the number of defalcations and bank failures can be very greatly decreased. (Applause.)



THE PRESIDENT: The Trust Company Section is highly honored to-day by the presence of the Comptroller of the Currency, the Hon. William Barret Ridgely. I will ask him to make a few remarks.



REMARKS OF HON. WILLIAM B. RIDGELY.

COMPTROLLER OF THE CURRENCY.

Mr. Chairman, Ladies and Gentlemen:

IT is always a great pleasure to me to come before the Trust Company Section, as I have done several times before, and say a few words on the outside, as it were; not only on account of the warm personal friendship and relations I have with your chairman and so many of the members of the section, but because there should be the closest bond of sympathy and friendly rivalry—if there is any rivalry at all—between the national banking system, the State banks, and the trust companies. There is a place for each different kind of bank and each has a field peculiarly its own and particularly its own. There is room enough for all, there is business enough to be done; there is profit enough to be made; there is growth enough ahead of every kind of bank. I was much interested in the figures Mr. Wade gave us as to the comparative growth in totals. They are very interesting but not very important, and I think so far as the comparison is concerned, that is of trifling importance. It should not be a matter of quantity. The national banking system, the trust company banks, and the State banks should not make it a matter of quantity; it is more a question of the quality of the business they do and the way the business is managed.

I have recently talked on the subject of the duties and responsibilities of bank directors. I see a great many of you here who were at the Philadelphia meeting the other day where I expressed myself, as some of my friends think, more forcibly than I should, but not more forcibly than I meant, on the duties of directors. As Mr. Jay said, it is not profitable at these meetings, when we are discussing these subjects generally, to go into the details as to the methods of preventing bank failures, bank frauds and defalcations, frauds on the part of the officers; it is more to consider the importance of the general subject and rouse the feeling in each bank officer and each bank director that this applies to him. A man is very apt to feel as he does when his friend or neighbor dies; he does not realize that he himself may be the next victim. It is just so with these bank officers, the men who commit the minor crime of defalcation, and more especially the men who commit the larger crimes of looting a bank from the inside, are the men you have had every reason to trust most implicitly, for no other men get those opportunities, and instead of comparing the totals and the quantity, to see which can add the most number of members, the most number of banks or pile up the biggest quantity of deposits or make the most money, the rivalry should be one—Mr. Wade and all of you I am sure will agree with me—as to the men

that conduct the business most faithfully and honestly and arrive at the best results, not only for the stockholders, but to prevent these crimes and violations of trust which, rare though they are, are entirely too frequent.

I was much interested in Mr. McIntosh's report in regard to the disposition on the part of members of the Trust Company Section not to favor more rigid State laws in regard to State banks and trust companies. Whatever success—and it has been very great and very satisfactory—has been achieved by the trust companies of the United States has been because of the fact that they have not only been well and ably managed, but they have been honestly managed. The remarks of Mr. Jackson at the Waldorf Hotel two years ago, showed a wonderful record of the honesty of trust companies, as well as their capability and efficiency. No man who is determined to manage his bank as he should need have the slightest fear of stringent State laws or the most careful and efficient examination on the part of State authorities.

On the contrary, that man of all others is the most interested in having that done; he knows he is going to manage his bank right, and the only danger there can be to him is to have his neighbor across the street in the same town, or perhaps in an adjoining town, manage his business recklessly and without the restraint that his knowledge of his own duty imposes on him, and which can only be imposed on the reckless banker by the provisions of a statute and examinations resulting from an efficient State bank examination system. But not only the question of the State supervision examination but the question which has been spoken of by all these gentlemen here to-day, is the matter of examination from the inside. I think that a most important question. I do not advocate this as often as I do, and as strenuously as I do, from any desire on my part to dodge the responsibility of government examination and supervision. Whether the examination be that of the State or that of federal government, there are certain responsibilities that belong to the examiner and the supervising authority. I have no disposition to avoid that; but no governmental supervision and examination can cover the whole case. We do the best we can in the national banking examination. We would do better, as has been recommended by every comptroller, I believe, that has ever been in the office, if we had men paid by the per diem or a salary and had more of them. The time that a man can give to an examination is frequently, or perhaps always, too short. He ought always perhaps to have more time. But while this does great good and keeps the banks in line generally, in general result any other business, being conducted properly, and in accordance with the law, no examination of that kind from the outside can absolutely protect every case and prevent fraud—not only is there not time enough to do it, but the national bank examiner and any supervising authority is at the inevitable disadvantage that no action can be taken until the harm is done and the crime, if there is a crime, has been committed. Then it is too late. The examiner is often criticised because he did not discover a case before he did discover it. That is an important matter, but it is not a vitally important matter whether an examiner closes a bank in one year or six months sooner. It might make some difference as to exactly the people who have the money in the bank, but the condition does not often materially change in that time, and there is no system, as

I said, that can supply the duty of the directors themselves. The directors, as Mr. Williams and as Mr. Jay have said, have their responsibilities. The law in plain terms places a responsibility on the directors, and I would repeat it again, although it may be thoroughly understood, that it is the directors duties to have such examinations made and such a system in the bank that they will know what is going on and can prevent fraud. The idea ought to be to make every director know that this means *him*. The man you are trusting, Mr. Director, may be the same kind of a man that has robbed a bank in Chicago or in Boston or in Baltimore, and you have no right to assume because you have known that man all his life that he can be trusted without the proper checks and supervision over him, and in the rivalry that there is between the national banks and State banks and trust companies, it will be that variety of bank that adheres most closely to that plan and principal and has such a supervision of the affairs of the bank that the directors know what is going on and will have checks on their officers so that these cases of large defalcations and looting from the banks from the inside can be practically done away with, that will be most successful; it will be that variety of bank that will protect itself and will succeed. It is entirely a question of quality of our work rather than quantity, and if there is any rivalry between the trust company in the United States and the national bank in the United States, let us see which can run the best bank, conduct them the most honestly and have the fewer cases of failures owing to dishonesty. (Applause.)



THE PRESIDENT: The next order of business is the rollcall of vice-presidents.

Responses were made in behalf of the different States by the vice-presidents, or some one else, as follows:

ALABAMA: Response by Mr. F. C. Horton, Secretary Central Trust Company of Mobile:

In the State of Alabama, of its incorporated banking institutions twenty use the word "Trust" in their names. In addition to this number there are in this State some firms and individuals not incorporated, and with but little capital or responsibility, calling themselves "trust companies," doing a loan business in a small way and in some receiving deposits.

Of the twenty regular trust companies of Alabama, twelve are members of this Association. As far as I have been able to learn, all of the trust companies of Alabama do a commercial banking business. Indeed, the trust business with us is as yet a side line. We depend on the banking business for our profit.

I think all of the trust companies of Alabama have endeavored by advertising and soliciting to work up trust business; but, as a rule, with but poor and discouraging results.

Our people have not yet come to appreciate the advantage of an incorporated company over an individual in the capacity of executor, administrator, agent, etc. Lack of confidence in incorporated companies with changing officers and directors may be partially the cause of this; small capital possessed by trust companies is also a factor in deterring people from appointing trust companies as their agents and representatives.

More than one-half of the trust companies of Alabama are capitalized at \$75,000 or less, several having a capital of less than \$25,000; one incorporated with only \$10,000 capital and no surplus.

At any rate, for the above reasons and for the further reason that the trust company business is new, and is looked upon as an innovation in Alabama, but little headway has been made in securing any large amount of trust business.

The trust companies of Alabama are carefully managed, and as a rule they carry a good reserve. They are examined by the Bank Examiner, the same as are the State banks, and there has been no

failure among them. It is hoped that continuous and persistent efforts, increase of capital, and with improvements in our State laws relative to trust companies, will enable such companies to eventually build up the trust feature of their business. (Applause.)

ARKANSAS: Response of Mr. Charles McKee, of the Mercantile Trust Company of Arkansas, Little Rock, Ark.:

Before the war we practically had no banks in Arkansas. Their growth was very slow up to 1880. Between 1880 and 1890 probably sixty or seventy banks were organized, and from 1890 to 1900 probably a hundred, and since then one hundred and forty banks and about one hundred and forty trust companies have been organized. Two or three of them do a savings bank business. In regard to the strict trust company business, we have one law in Arkansas that is called a trust company law, which is wide open at both ends, authorizing trust companies to do any and all kinds of business. The trust company is authorized to act as administrator and guardian, and to buy and sell real estate, and to conduct a savings bank business. These trust companies have been very successful, and we are glad to report that we are getting a great many administratorships and guardianships, which we have been able to manage successfully. There is only one law in the country regarding other kinds of banks, and that is if a man receives deposits after he knows his bank to be insolvent he commits a crime; and we had a case of that kind in Arkansas quite recently. The Arkansas Banking Association passed unanimously a resolution favoring a strict law regarding reports from the banks. I don't think there were any dissenting votes on that question in the meeting. We have had a committee appointed looking to the claiming of such a law and demanding that a bank be examined. I am glad to hear the expression here in regard to that. Such a law will help us out in our State. (Applause.)

THE PRESIDENT: Mr. Breckenridge Jones has such a charming setting that I will ask him to address this meeting, either from the box where he is, or to come to the stage.

REMARKS OF BRECKENRIDGE JONES,
PRESIDENT MISSISSIPPI VALLEY TRUST COMPANY, ST. LOUIS.

Realizing that I could not be in better company if I were on the stage I will speak from here.

Candidly speaking, it is indeed to me a great pleasure as a matter of pride, to see this successful meeting of the Trust Company Section. As you know, from the history of the organization, it started here, and I would not be candid if I would not say that I have always had very great pleasure in the recollection that I had some influence in the formation of this Section. The forming of the Trust Company Section was the first departure in that line in the American Bankers' Association. Since then we have had the Savings Bank Section, which has also been very successful. But in the trust company work I have found great pleasure in every line. Indeed, it is the nicest game that I play; and, though I am fond of golf, it is really with some reluctance that I leave my work to go out to play that game. I do not believe I should enjoy the regular banking business, but there is something in the trust company that appeals to one's domestic instinct. It brings one in contact with those elements of trust that are closely related to the human life, and that appeals to me very much more than anything could appeal to me in a regular banking company, where it is largely a question of discounting paper.

There is something very interesting to me in the relationship that exists between us and our customers and the intimacy with which we often become associated with them in their home affairs. We see the widow when she is first sadly thrown into business affairs; she comes to us and looks to us for assistance and advice. We see our wards grow up and go out into life, and we are interested in their success; we are glad to lend them a helping hand. There is something about the whole business to me that gives a pleasure in addition to any pleasure that can be derived from the mere making of money. There is something in our business that broadens a man in his sympathies; it makes his affections clearer, and he develops those high qualities which we all recognize belong to so many trust company people.

Feeling that sort of an interest in trust company work, I do feel a pardonable pride in having been at least somewhat influential in forming an association that annually brings together the trust companies of America, and for the Trust Company Section itself I believe it is true that the formation of this Section and the publication of its literature has been the great force in developing the number of trust companies there are in America. I remember when I first went into the trust company business that I looked for literature on the subject and I learned that there were not fifty pages of literature on the subject of trust companies to be found. I am not aware that that statement has ever been disputed. But now when a man wants to find something about a trust company he finds literature in abundance, already collected for him. You know there is a magnificent monthly published which is devoted to this subject, and there is any quantity of literature to be found covering the subject most thoroughly.

I believe that to a very large extent the sentiment which formerly prevailed of a vigorous antagonism between the banks and the trust companies has been dissipated. They all agree now that the trust company has come and brought its knitting. There is no idea now that they are going to fight it out of business. And in the great development of the United States, when we have a balance of trade of over five hundred million dollars in our favor, and an almost fabulous increase in wealth generally, I believe it is generally acknowledged that the trust company is a co-ordinate branch of finance and a very necessary branch of the financial system of all countries. The bankers themselves recognize this, and instead of there being the old feeling of antagonism you find now cordial relations. Bank directors are to be found in trust company directorates; trust company directors are to be found in bank directorates; and the public recognize the trust company as a valuable institution.

So I say the real question now is which is going to do business in the best way and which is going to make it safest.

In the matter of examinations of trust companies I do not believe that they can be made too severe. When they come to us we say to them "you cannot make your examinations too severe for us; all we do ask is that you use the same yard-stick all over the State," and if you have severe examinations, not only by the State boards, but by our own stockholders and directors, and keep the business safe, if we merit public confidence we will receive it. And there is no better way to know that we do merit it than to have State examination and to have that severe and a report published.

Mr. Chairman, I appreciate very much indeed the compliment of being in this assembly, and of seeing this tenth meeting of the Trust Company Section back in the city where it was started. And I want to say that two years ago, when I had anticipated attending a meeting in New York, a meeting where the Section did me the honor to present me with a loving cup and passed formal resolutions, I was prevented from being there by the loss of one very dear to me, and at a time when my heart was wide open, torn to pieces, the sweet words of sympathy and the token of remembrance which this Section sent to me were very greatly appreciated, and in my home, that cup stands, those resolutions are preserved, and I shall hand them down to my children as most sacred souvenirs.
(Applause.)



THE PRESIDENT: Will Mr. Hamilton, the President of the American Bankers' Association, and Colonel Powers, the Chairman of the Executive Council of the American Bankers' Association, come forward and take places upon the stage? (Applause.)

THE PRESIDENT (after a pause): I am sure we will be very glad to hear from our President, Mr. Hamilton.



REMARKS OF PRESIDENT HAMILTON.

Mr. President and Gentlemen of the Trust Company Section, it affords me great pleasure to be present at this meeting this morning and to listen to the excellent papers that have been presented. Yours is one of the important branches of banking in the United States. You have come to stay and you should stay. I am firmly convinced of that, and I am firmly convinced that the principles of banking as outlined by the gentleman from Missouri (Mr. Jones) are correct, and at the present time, I myself, am organizing a trust company, and hope ere another year has rolled around to break into your sacred ranks. (Applause.)

I am a firm believer in the diversified lines of banking that we have in this country. I believe that it is for the best policy of this nation, and for the best interest of the nation, that we should establish different sections; I believe that to be the wise policy of the American Bankers' Association, for the reason that it brings together the different interests in our annual conventions, and brings a fellowship of feeling that we cannot get in any other manner. There is too much of a tendency on the part of those who do not attend the conventions to criticise the work in other lines and branches of banking. There is a disposition on the part of some to try to create a disturbance between the national bankers and the State bankers, between the trust companies and the savings banks. This should not be. We should work on a broader principal. We should work for the interest of the country and work to build up and develop the great resources of the vast territory embraced within our country. And if we do this there is room enough for all, and all can profit by the work of going along harmoniously together.

Gentlemen, I thank you for this opportunity. (Applause.)



REMARKS OF J. D. POWERS,
CHAIRMAN OF THE EXECUTIVE COUNCIL OF THE AMERICAN
BANKERS' ASSOCIATION.

Mr. President and gentlemen, I always feel quite at home when I am among trust company people. I have the honor to have been one of the organizers, promoters, incorporators, of the first trust company west of the Alleghany Mountains, and yet I am quite a young man, as you see. (Laughter.) You gentlemen represent not only a great interest, but one that has grown in accordance with the needs of the country. There is an absolute necessity for the trust company. The bank went along and took care of itself without regard to the needs of the people, they were thinking about the needs of the stockholders, and that brought about the bank. But the trust company is an absolute necessity of this country. The history of trust companies I need not undertake to state, because you are familiar with their history since they were established. You perform a great work, as has been suggested by the gentleman who was largely responsible for, and practically the author of that work, when you established yourselves as an independent branch in your meetings of the American Bankers' Association ten years ago. At that time, ten years ago, in this house, you helped to do a thing that was more important than what any other body of men has ever done in this country for its good, for its credit, for the benefit of the nation. The two great political parties were on a great and stormy sea without compass and without rudder, with the flag of distress flying, and they knew not what harbor to make for a veritable derelict upon this sea; and then the American Bankers' Association, with the Trust Company Section as a part of it, stepped forward and said, "We will stand for honest conditions, we will stand for sound money, and we will irrevocably pledge ourselves to the gold standard." (Applause.)

That made its impress upon the country, and that fixed the foundation upon which has been builded the great prosperity that we have heretofore enjoyed and now enjoy. You gentlemen are entitled to a large part of the credit for that.

You are all very kind to have listened to me so long. I did not have any speech to make, Mr. President. I only wanted to pay my respects to my old friends—because I am interested in the trust company business, I am a director in some trust companies. I am interested in three that are all ready to be examined, and I sometimes help to examine them. We have not a sufficient surplus to tempt anybody yet, but we are working. (Applause.)

MR. WADE: May I ask the indulgence of the convention to submit at this time something which I think will come in particularly apropos—after hearing the address of the two officers of the American Banking Association which we have just heard.

I desire to submit this resolution and ask that it be referred to the Executive Committee of the Trust Company Section for consideration:

Resolved. That should a commission or a committee be appointed by the American Bankers' Association to formulate a plan to be recommended to Congress for the purpose of creating a credit or emergency currency, that it be the sense of this convention that such commission or committee if appointed should have as some of its members a sufficient number of trust company officials to represent the importance of the trust companies as financial institutions.

The purpose of introducing that resolution, gentlemen, is this: As pointed out in the early part of the meeting, the trust company has become a very important factor in the financial affairs of this Government, second only to the national banking system itself. Its resources are, as previously stated, fully fifty per cent. of the resources of the national banks themselves. Therefore, every trust company, every bank, every financial institution, be it State or National, trust company or private bank, is directly and specifically interested in getting from the men conducting financial institutions the best brain, the greatest amount of intelligence and the most complete solution of the credit currency system that it is possible to be had; and I do not believe that any committee or any commission appointed to make a recommendation to the Congress of the United States would be complete unless the trust companies of the United States were properly represented on such commission or committee. (Applause.)

MR. J. J. SULLIVAN, President of the Superior Trust Company, of Cleveland, Ohio: I am heartily in accord with the provision of the resolution offered by my friend, Mr. Wade, and it affords me great pleasure to move its adoption.

THE PRESIDENT: You have heard the resolution offered by Mr. Wade and seconded by Mr. Sullivan. This resolution requires a two-thirds vote for its adoption.

The question was taken on the adoption of the resolution, and it was unanimously agreed to.

THE PRESIDENT: We will now proceed with the rollcall of vice-presidents.

North Carolina.

Connecticut.

MR. RALPH W. CUTLER, President Hartford Trust Company, Hartford, Conn., made the following response in behalf of Connecticut:

Mr. President and gentlemen, on behalf of our State of Connecticut, I beg to say that the trust company and banking branches

of houses in our section are in a very flourishing condition, and all that the most optimistic could desire. Deposits are increasing, money is firm, earnings are large.

General business is "booming" in every department; our people have abundance of money to spend for everything that makes life comfortable—and *that* means prosperity for the bankers, for the merchants and for everybody.

Our manufacturers are crowded to repletion with orders from all over the world, and in many cases it is necessary to work night as well as day "shifts" in the effort to keep up.

The tobacco crop—the success or failure of which means so much in our State—is a "bumper one" this year, and of the best quality we have ever grown. It will result in placing many millions of dollars in our trust companies and banks to the credit of the farmers who have raised it.

Our life and accident insurance companies are writing more business than ever before in their history.

Our fire insurance companies, besides taking care of current losses, have paid out over fifteen million dollars, amounting to more than ninety per cent. of *all* their extraordinary losses in San Francisco, and are merely waiting for proper adjustment of the remaining claims to pay the balance.

The end is in sight, gentlemen, and *without exception*, the fire insurance companies of Connecticut have once more proved to be perfectly solvent—their policies good in every case—and, as in similar past conflagrations, they have been able to promptly pay 100 cents on the dollar, and continue to do business at the same old stand. These are the business conditions to-day in Connecticut.

As to the specific request of your committee for information along certain lines, I desire to state that, with but two exceptions, all the trust companies and State banks of Connecticut, in addition to the trust business "*per se*," conduct also a general banking business—receive deposits of all kinds and make loans, both on approved names and on collateral.

These two exceptions were organized and are controlled by interests allied to the national banks in their immediate vicinity, and it is evident that competition in the regular banking business was not desired. I find upon examining their statements that these two trust

companies—although of some age—have not as yet been greatly prosperous in the limited field to which they have been restricted.

In almost every case throughout the State the trust companies have safe deposit departments as an annex to all their other business, and find some degree of profit in every branch of their undertakings. The old Scotch proverb that "Many a mickle makes a muckle" again proves to be abundantly true, and is shown most conclusively in the resultant swelling of the "surplus" and "undivided profit and loss" accounts of those trust companies that do an "all around" business.

Our trust companies endeavor to educate the public by daily advertisements in the newspapers—by publishing frequent statements as called for by the bank commissioners—by mailing and distributing more elaborate statements at the dividend periods—by issuing occasional booklets and pamphlets, setting forth the advantages offered by the trust company in comparison with the individual—by earnest personal solicitation of accounts—and in general, far from trying to "hide our light under a bushel," we set up our illumination on the "golden candlesticks" of "*conservative banking*," "*the faithful executing of wills*," "*the careful administration of trusts*," "*the perfect security of the safe deposit department*," and, above all, the safeguards thrown around the trust company business, by the frequent and unannounced visits of the bank commissioners, supplemented by the semi-annual examinations of auditors appointed by the board of directors, and especially by the occasional and most scrupulous audits made at odd times by the officials themselves, acting together.

These men must, in the very nature of things, be much better informed regarding the details of business in their own institutions than any outsider could possibly be.

They surely are more vitally concerned than any one else in the welfare and good name of the institution which, in most cases, represents their *life work*, for, gentlemen, when everything possible is said and done, is a fundamental and indisputable *fact*, that the very best protection for *trust companies*, and for *all banks*, lies inside the corporation itself—in the ability, integrity, fearlessness and sound judgment of the active executive officers. (Applause.)

Illinois.

Indiana.

MR. JOHN H. HOLLIDAY, President Union Trust Company,

Indianapolis, Ind.: I have the pleasure of reporting that the trust company business in Indiana is satisfactory. The last official reports bring business down to last October. At that time there were sixty-six trust companies with \$6,500,000, and with a surplus and undivided profits of \$1,600,000; and the total resources of \$37,500,000. The business shows a growth in late years of from fifteen to twenty per cent. increase. Since the last statement was made, in October, there have been nine additional companies organized, making the total number now of seventy-five. In the history of the business, now covering a period of seventeen years, there has been one failure, which was not only shameful but criminal. But in that case the creditors were fully paid and no one lost a dollar except some scheming stockholder. I have the pleasure of saying that we organized a trust company section there in connection with our State Bankers' Association, which I hope will have the effect of adding to our own members in this association, at least in the course of time, a very considerable number. (Applause.)

Kentucky.

Maine.

Maryland.

Massachusetts.

MR. N. W. JORDAN, President American Loan and Trust Company, Boston: The trust companies of Massachusetts number forty-one, with aggregate capital of \$17,000,000 and surplus and undivided profits of \$25,500,000—an average of approximately one hundred and fifty per cent. of surplus and profits to amount of capital, with aggregate deposits rising \$188,000,000. Of this number seventeen are Boston trust companies, with capital of \$11,000,000, surplus and undivided profits of \$22,000,000 and deposits of \$135,000,000, or two-thirds of the entire trust company deposits in the State.

The past year has been a very prosperous one for the trust companies in this State, as is shown by the very large increase in deposits, and further by the marked increase in the surplus and undivided profits after payment of substantial dividends.

The trust companies of Massachusetts operate under very well-defined laws, and the privileges allowed include the transaction of a general banking business, acting as trustee under corporate mortgages.

securing bond issues, escrow and other agreements, depositary under reorganizations, transfer agent and registrar of stocks and bonds and as fiscal agent.

In addition, all trust companies incorporated subsequent to 1888 are allowed to act as receiver, assignee, guardian, trustee, administrator or executor of estates.

These last mentioned duties may be exercised by trust companies incorporated prior to 1888 that were not, by the special provisions of their charter, so allowed, by adopting the provisions of the act governing such privileges by a majority vote of its stockholders at a meeting called for the purpose and filing with the Secretary of the commonwealth and the Savings Bank Commissioner, sworn to by the clerk of said corporation, statement of such adoption.

The corporation should not, however, commence to exercise these powers until authority is given it in writing by the bank commissioner, and the commissioner may refuse or grant such authority after making investigation of the affairs of the corporation.

The trust companies of Massachusetts are not allowed to receive savings deposits, which are reserved for the savings bank. They may hold real estate suitable for the transaction of their business, but not exceeding twenty-five per cent. of their capital stock, and in no event exceeding \$250,000, but are restricted as to loans on real estate to New England and the State of New York. They are further somewhat circumscribed as to the character of loans they may make of trust funds and the special deposits of administrators, executors, trustees and courts of law.

By amalgamation and absorption during the past year the number of trust companies in Massachusetts has been reduced, resulting in our having as sound and reliable trust company institutions as can be found, comparing favorably as to strength and standing with any other corresponding section of the country.

By the act of 1904 all trust companies of this State, whenever incorporated, must keep a reserve equal at least to fifteen per cent. of their deposits, which are subject to withdrawal on demand or within ten days. One-third of such reserve must be in lawful money of the United States, and at least one-half of the balance kept on deposit, payable on demand, with any national bank in the commonwealth or cities of New York, Philadelphia, Chicago or Albany

in the State of New York, and the balance may consist of United States bonds or of the commonwealth, computed at par, and the absolute property of the company.

The belief is quite unanimous among trust company officials that the establishment of this reserve has increased the confidence of the public in our trust companies, as is reflected in the marked increase in trust company deposits during the time since the reserve law has been in force. (Applause.)

Missouri.

New Jersey.

New York.

J. F. Thompson, Vice-President of the Bankers' Trust Company of New York, read the response of Mr. G. D. Fahnestock, Vice-President of the Franklin Trust Company of Brooklyn, as follows:

To the Trust Company Section of the American Bankers' Association:

Gentlemen, I appreciate and thank you for the privilege of addressing you. I am requested by the Executive Committee to speak of the character of the business done by the trust companies in New York State, and whether such business is mainly banking, commercial or savings, or purely trust company business, and whether any systematic effort is being made to educate the public to the advantages offered by trust companies in a fiduciary, as well as a banking capacity.

The character of the business of the trust companies in New York State is both banking and trust business.

With some of the older companies the trust business prevails.

With the newer companies the banking business prevails.

With many of the companies it will be found to be well divided.

Savings accounts in competition with savings banks are not sought by the trust companies in the cities, although by some of the companies of the State they are encouraged.

Foreign exchange business has become a feature with some of the companies.

Safe deposit business with a limited number of boxes or by ownership in regular safe deposit companies has become quite a feature.

Outside of the purely trust business, the essential effort has been for deposits, not of active commercial accounts, but more of the

reserve nature of merchant, of corporation, of individual, also active, personal and household accounts, also accumulating accounts too large for savings bank.

The effort for deposits has been very active, direct and indirect, and the growth of the trust companies in this respect very marked.

The comparative strength of the trust companies is shown in the following figures, which are taken from the reports:

The trust companies of August 6, 1906, the State banks of August 6, 1906, to the Banking Department, New York State, and of the national banks of September 4, 1906, to the Comptroller of the Currency. The money figures given are millions.

	Trust Cos. Aug. 6.	State Banks Aug. 6.	Nat'l Banks Sept. 4.
Number of companies.....	85	191	392
Total capital	\$65	\$32	\$148
Total surplus	168	40	127
Total undivided profits.....	....	....	40
Total capital, surplus and undivided profits.	233	72	315
Total resources	1,406	551	1,887
Total deposits	1,137	477	1,484
Deposits to capital times.....	17½	15	10
Deposits to capital and surplus.....	4.8	6.58	4.7

The investments of the 85 trust companies show:

Bonds and mortgages.....	\$90,500,000
Stocks and bonds.....	315,700,000
Loans on collateral.....	694,700,000
Other loans, including bills purchased.....	87,800,000
Real estate, banking houses, etc.....	17,200,000

Total \$1,205,900,000

The investments of the 191 State banks and bankers show:

Loans and investments.....	\$317,100,000
Real estate	13,100,000
Mortgages	6,700,000
Stocks and bonds.....	37,600,000

Total \$374,500,000

The trust business, in addition to that of executor, administrator, trustee, committee, guardian, registrar, transfer agent, has extended to financial agent for corporation; management of estates or special funds by voluntary trusts; custody of securities; collection of dividends and

income; care of real estate; intermediary in negotiations, organizations, reorganizations and financing syndicates; agencies of various character, and other forms of service.

The multiplication of large interests is constantly calling for care and safeguard beyond the ability or capacity of any one individual, and a care which cannot depend upon a single life.

There is constant and systematic effort by publicity in educating the public to the advantage and necessity of employing agency and trustee by corporate life, such as the trust company. This publicity is by circular, pamphlet, advertising by newspaper, magazine, public vehicle, by special letters, etc.

This publicity matter assumes an attractive and instructive form, has shown good results in the business attained, and has served to inform and quicken trust company officers and employees, as well as the public.

The keen competition now to be met presents the temptation to profit, especially to the newer companies in the field, and to take risks which are close to speculative.

The essential of the trust service is to safeguard and conserve; it is essentially conservative and must command confidence, and while it may and must at times act within the sphere of legitimate business risk, it can at no time enter the sphere of speculation.

It is the privilege and duty of this Trust Company Section to exert a strong influence in this direction. (Applause.)

North Carolina.

GEORGE STEPHENS, President of the Southern States Trust Company of Charlotte: I am embarrassed by the fact that the unprecedented event of a local train being on time caused me to leave my report behind. Therefore, I will have to make a very general report.

The relation, as every one here from the South knows, between the Southern banker and his client has been a very peculiar one. Since the war the man who patronized the bank has had so little money, until recent years, that he has had to look upon his banker as an adviser. This naturally would make conditions good for the development of trust companies, since they perform so many functions in an advisory capacity; but it has also been made necessary for such companies to break up some of our traditional ideas, to show that a corporation can do a great many things for a man better than

an individual. It has been difficult to develop the trust business in most sections of the South, certainly in North Carolina, for the reason that there is always a family lawyer, just as there is a family physician, and so business of that nature, has, by an old custom, gone into the hands of the family lawyer. But out of this condition has grown one vital fact that has had its influence not only upon the government of the national banks but upon the development of the trust companies themselves, and that has been the unusual energy that has been called for by such conditions to stimulate an interest in the trust company. An illustration of this was shown a short time ago when one of the leading banks of the State published a statement showing its growth for the past twenty-five years. In a few days a trust company with the same capital put a report in the paper showing that it had accomplished in five years, with the same capital, what this older and more conservative bank had accomplished in twenty-five years. The result was that the national bank immediately made a large appropriation for advertising. That came directly as a result of active effort for business on the part of the trust company.

The wonderful industrial awakening in the South is responsible for the growth and the development of the banks there within the past few years, in a way that has never been seen before. In North Carolina alone the development of water powers within the next three years will bring a saving to manufacturers of over five million dollars in the course of power alone. There is now one company, with Charlotte as its distributing point, developing more power than the largest power company at Niagara, as I understand it.

In the eastern part of the State is the truck farming industry, which employs many of the banks in the early season of the year. Later on come cotton and tobacco crops, and then also there is the never-failing tourist crop of North Carolina. I am sure if some of you could see how some of those mountaineers have learned to charge from fifty cents up for sunsets, you would realize how progressive we are in North Carolina. (Laughter.)

It has been said of Western North Carolina that when the Creator, after laboring six days, looked upon Western North Carolina and seeing that his labor was good and pleasing, rested on the seventh day.

I am aware that this report is really only an apology for a report.

But there will be published facts and figures that will give you an idea of the enormous banking development of North Carolina. I am pleased to report that there are only thirteen States which have a larger number of trust companies members of the section than North Carolina has, and only two of the Southern States have a larger membership. I thank you. (Applause.)

Ohio.

MR. E. G. TILLOTSON, Vice-President and Manager of Cleveland Trust Company, Cleveland, Ohio: Mr. President and gentlemen, the trust companies of Ohio do all sorts of business that the trust companies are entitled to do. Like all trust companies of the Middle West, they do a savings bank business. The deposits of the trust companies of Cincinnati, Cleveland and Toledo I think aggregate as much as the deposits of all national banks of Ohio put together. They also do a safe deposit business, and commercial banking in so far as it relates to taking check accounts. A few of them do discount business, but the majority do not. They do all sorts of trust business along legitimate lines. So far as I know, no trust company in Ohio has ever been the promoter of any enterprise whatever. All the leading trust companies have safely and conservatively financed many meritorious business enterprises. The laws of Ohio are very unfortunate for us. We have to organize under three old laws—the savings and loan association law, which was passed before most of us were born; the safe deposit and trust company laws, which applied first only to Cincinnati, and then by special legislation was made to apply to Cleveland, Youngstown and Toledo, and finally to the whole State; and the old State bank law. A liberal interpretation of these laws permitted us to do a great many things. We have no bank examination. It is not the fault of the Ohio bankers that we have not. For the last three Legislatures bills have been presented which have had the indorsement of the Ohio Bankers' Association and the trust company members, but they have not succeeded in passing them. Notwithstanding all this, I think the trust companies of Ohio are getting along very well. When I say trust companies I mean those that are recognized as trust companies; because all over the State there are corporations that use the word "trust" that are not trust companies, and so each community has learned to recognize what is a real trust company and what is a real estate company that may do no trust

company business whatever. We have hoped to eliminate that feature so that a trust company may be recognized as such, but so far as a personnel—the officers, boards of directors, etc.—is concerned, I believe I can say they have given complete confidence to the people, and so I say we probably have no fault to find up to this time.

Perhaps you know the trust companies of Ohio were among the first to advertise to any extent. They are reaching out for deposits all over the world and they are getting them. I think that nowhere is any better advertising done than in our own State, because we have given years and years of attention to it there. Through the foresight of Mr. McIntosh, who addressed you earlier in the day, a trust company section of the Ohio Bankers' Association has been formed, and I think that promises to yield a good result.

It has always been suggested by some that a concerted effort should be made to educate the public along the lines of the desirability of employing trust companies in probate matters. Such an effort will meet with the almost unanimous approval of the trust companies of the State. I am not able to report what has been done along that line now, owing to the absence of many prominent members who would know about that; but I feel confident that my successor next year can report favorably along those lines. (Applause.)

Pennsylvania.

MR. C. E. WILLCOCK, Treasurer Fidelity Title and Trust Company, Pittsburgh: Mr. President and gentlemen, I do not think I have anything to say, except to make an excuse. Mr. Lloyd was to furnish me with his speech written out and I was to hire somebody to read it for me. (Laughter.) For some unknown reason Mr. Lloyd has not furnished his report and I have nothing to say except that the trust companies in the State of Pennsylvania are very prosperous. They are gaining in deposits immensely, with the one exception which has been referred to to-day—the Real Estate Trust Company, of Philadelphia. I may also add that our industries, principally the steel industry in the city of Pittsburgh, are booked for nine months ahead in the coming year. So I think we can figure on having one more good year of prosperity at least.

Rhode Island.

MR. W. G. BROWN, of the Hospital Trust Company, of Rhode Island: I am reluctant to admit that the trust companies, so to speak,

control the banking situation in our State. I think I am safe in saying that the aggregate of deposits of the national banks do not equal the deposits of one of our trust companies. The laws in our State regulating trust companies are somewhat open, or I might say, perhaps, that they do not exist at all to any extent, that there are not much of any laws. Fortunately, thus far the conduct of the banking business by trust companies has been satisfactorily carried on. I think I am safe in saying that with only a few exceptions the control of the national banks in Providence is lodged with the trust companies.

There has been more or less talk relative to laws being enacted that will perhaps better govern the trust companies; but as yet nothing tangible has been completed. Our trust companies conduct all kinds of banking business, and the one which I have the honor to represent perhaps caters very largely to the trust part of the business, mainly in the administration of estates. But as I have already said, the trust companies there do business in all of the respective lines connected with banking or trust business. As you know, our State is one of industry, and it gives me pleasure to state that every line of industry in our city is now very prosperous. You also know, perhaps, that our State is nearly the richest, if not the richest, in per capita wealth in the United States.

In closing, I wish to say that thus far the respective financial interests have been satisfactorily served by the trust companies. (Applause.)

Tennessee.

Vermont.

Virginia.

West Virginia.

MR. F. M. STAUNTON, Vice-President Kanawha Banking and Trust Company, Charleston: Mr. President and gentlemen, I have very little to add to what has been said by older and more important states in the trust company business with reference to the trust companies throughout the country. I beg to add a word in connection with the business in West Virginia. We have in West Virginia our oldest banker, a man whom we love and honor, Mr. Henry P. Davis. At a recent meeting of the West Virginia Bankers' Association, in an address made to that association, he stated that the building of the West Virginia Central Railroad—now the Western Maryland

Railroad—and the coal and coke road, its offspring, was due to the influence exercised by a small bank started in West Virginia some fifty years ago. As you know, Mr. Davis has been the most important factor in the development of West Virginia. He is connected with many banks and trust companies, and he is always willing to lend a hand to any worthy concern.

The trust companies of West Virginia at this time are, practically speaking, in their infancy. They number only about eleven. They do very little of what is known as legitimate trust business in a fiduciary capacity; but their work is confined more largely to a general banking business. In the development of West Virginia, however, we hope that the trust companies will occupy a more important position each year. The enormous resources of West Virginia—and I believe the State has developed more rapidly in the past two years than any other State in the Union—must look for necessary money to other States, North, East South and West, for their development. We must first have railroads built; we must then develop our mines; we must then cut our forests; we must bore for oil and gas; and in that way not only enrich West Virginia, but enrich the entire nation. In doing this and looking to the many interests outside of West Virginia they must first be satisfied of the protection of capital in the State and of the stability of the financial institutions throughout the State. This is essential to the investment of money.

We hope to be able to convince moneyed interests, through our financial institutions and especially our trust companies, that the laws of West Virginia will justify the investment of money there, will justify it on the basis that it will give very large returns to the investor, because West Virginia is still in its infancy. Our laws—and I am glad to say that we are not behind all States in the Union—are laws requiring at least \$1,000,000 paid up, before the company can use the word "trust" as part of its corporate name. The trust companies are subject, as the State banks are, to examination by a State Bank Commission, at least one a year, and must publish their statements at least four times a year. Since this law was enacted I think the State banks—some of which opposed its passage—have seen the wisdom and efficacy of the passage of laws requiring publicity in every department of the banking business. The State bank laws, which are also the laws governing trust companies, as I said, have

been improved in the past two years. They now require the same reserve that the national bank requires and practically the same cash carried in the vaults of the banks. Those laws will be further improved next winter. We hope to bring them not only up to the standard of the national banks, but a little above the standard of the national banks.

We do not think in some respects the national banks laws are quite up to the standard. As one instance of that, we do not think they are quite liberal enough in reference to loans. However, we hope to bring the standard of the State bank laws in West Virginia up to a point where they can receive the indorsements of the banks and trust companies throughout the country. The banks in West Virginia, and especially the trust companies, hope to occupy a field in the future that they have been unable to occupy in the past—that of interesting capital, of furthering the development of property, not as a speculative scheme, but as legitimate business transactions.

I have been somewhat surprised—this is the first meeting of this kind that I have attended—to note a lack of laws throughout the various States of the Union governing State banks and trust companies. It seems to me that the stability, the strength and the efficiency of State banks and trust companies are due very largely to the men in control of those institutions and not so much to the laws of the States under which those institutions are chartered and operated. This speaks well for the institutions themselves, but it does not speak well for the State that charters institutions of that kind and turns them loose to receive deposits and operate with the people's money without laws to control them. The trust companies should be divorced from the guarantee companies. I am glad to say that our State has recently passed a law covering that point.

Before sitting down I cannot refrain from making one suggestion, which possibly has occurred to every one here, and that is that the Legislative Committee of this Association, in so far as the State laws that need revising are concerned, should devise some means of adopting uniform State banking laws. We owe the confidence that is reposed in the national banks to the fact that they are under the control of the United States Government. That control cannot be extended to cover trust companies and State banks. But we have a uniform negotiable instrument law in, I believe, twenty-six States of the Union;

so that any one in any of those States in picking up a piece of negotiable paper made payable in any other of those twenty-five States of the Union knows what law governs that paper. If a law could be enacted in every State of the Union making the laws governing State banks and trust companies uniform so far as it is practical, it occurs to me that it would be a proper field for the Legislative Committee to work on.

We have a legislative committee in our State which is accomplishing much in the direction of passing laws; but when a law would come to that legislative committee as the law now on the statute books of ten or fifteen or twenty-five other States it would be easier to have that law passed than if it were a new law, something proposed for the first time to be enacted in the law. I make this suggestion, impressed as I am with the inadequacy of the laws governing State banks and trust companies throughout the Union. (Applause.)

MR. C. B. HART: Before we go on with anything else I would like to offer this resolution:

Whereas, There are to be presented at the annual convention of the American Bankers' Association amendments to the constitution providing for increased memberships in the Executive Council by the election of three representatives from each of the special sections and otherwise, and whereas the Trust Company Section considers such representation as useful and desirable; be it therefore

Resolved, That if such amendments are adopted by the general convention the representatives of the Trust Company Section be the president, first vice-president and chairman of the Executive Committee of the Section, as elected at every annual meeting.

MR. A. A. JACKSON, Vice-President Girard Trust Company, Philadelphia: May I ask if that would continue representation upon the Executive Committee of the present member? I do not exactly understand whether he goes off or continues. I understand that the present representative of the Trust Company Section on the Council has been elected for three years, and this will not operate to relieve him from that duty, will it?

MR. HART: It will simply be the *ex-officio* membership of these three officials.

MR. EDMUND D. FISHER, Secretary Flatbush Trust Company: I am inclined to think that the wisdom of the President who has just finished his term would be of more value than the wisdom of a new man, and I think this should be amended to include the ex-President, the President and the Vice-President.

THE PRESIDENT: I believe that as the present representative of the Trust Company Section was elected for three years he would still retain his office and that there would be three others—the President, and First Vice-President and the Chairman of the Executive Committee—chosen and put on the Council, in case this motion is agreed to.

MR. FISHER: That could be done three years hence.

THE PRESIDENT: It will operate to drop the present representative next year, but for this year we will have four members instead of three.

The question was taken and the motion of Mr. Hart was unanimously agreed to.

Upon motion of Mr. Royse, President of the Terra Haute Trust Company of Indiana, seconded by Mr. Robinson, of Ohio, the session took a recess for one hour.



AFTERNOON SESSION.

The Trust Company Section reassembled at 2.20 o'clock P. M., Mr. Clark Williams, President, in the chair.

THE PRESIDENT: Now that Mr. Ridgeley has retired, it may be of interest to the members of the Trust Company Section to know exactly how the general system of trust companies stands in the United States, so far as size is concerned. We are not boasting of this, but these figures are interesting figures and deal only with gross amounts, so it will not take more than a moment of your time. From the latest obtainable reports we find that there are thirteen hundred trust companies in the United States. This number was ascertained some time ago and the number may be greater at the present time. I wish to give credit for this compilation to Mr. E. T. Perine, the manager of the Audit Company of New York, who has addressed us on two previous occasions. The capital of the companies is \$378,000,000; surplus and undivided profits, \$459,000,000; deposits, \$2,915,000,000; miscellaneous liabilities, \$249,000,000. Total liabilities, \$4,200,000,000.

We are now ready, gentlemen, to proceed with our programme, and I earnestly urge all those who are here present to take part in the discussion of these topics.

The first topic of discussion is:

SHOULD TRUST COMPANIES DO A GUARANTEE OR SURETY BUSINESS?

MR. JACKSON: I did not intend to say anything on the subject and I am not prepared to discuss it, but it seems to me from what I have heard from gentlemen here to-day that we ought to be rather opposed to trust companies doing such a business. It seems rather apart from the business of a company that is chartered with the idea of making deposits, of attending to the administrations of the estates of widows and orphans. You may say that there is no risk in taking a surety, and I dare say there is not sometimes, but there are companies chartered for that purpose and it seems to me to be outside the functions of a trust company to go into that business.

There are certain companies in Pennsylvania that do such a business, and very good companies they are, and, of course, I am not decrying their scheme; but I know that I and people with whom I am associated have legislated against it, and if you care to ask, sir, the opinion of this room at the present time I feel fairly sure that you will find that the general consensus of opinion is, in a measure, with me in what I have stated. As I said before, I really have nothing to say, and I have gotten up and made these few remarks simply to start the discussion, so that the other side may be at liberty to speak, if there are those who wish to take that side.

MR. BRECKINRIDGE JONES: I have fought this subject over before the Legislature and before committees of the Legislature. While we do not do what you call a private fidelity business, like the bonding of cashiers, officers of banks and telegraph operators and that sort of thing, our business under the law of Missouri in the matter of bonds is limited to bonds required by law to be given. That business, instead of being adverse to the general line we are doing, is in perfect keeping with it. We have been in the business for fifteen years and the aggregate of all our losses in that department does not amount to two thousand dollars. We had a loss of two thousand dollars in that case because we allowed an attorney to collect his fee a little too soon, and subsequently the assets were replevined and nothing was left, and we suffered that loss. But, as I say, in the business we have done in that line in fifteen years, the entire loss has not amounted to more than two thousand dollars,

and we have had something over thirty million dollars in deposits. Occasionally there is a member of a family who wants to administer on an estate. In such a case it may be that they do not want to turn it over to you to administer, but they want to administer it themselves. They are customers of the institution, and in such a case we will make a contract with them, which is fixed so that it properly protects us, and we will become the surety on the bond of this customer, acting as administrator, say, of his father's estate. That contract provides that all the assets of that estate of a convertible nature shall be brought into joint possession and shall not be released, except with our consent. All securities are put in safe deposit boxes, with two keys, the administrator having one and we having the other. We have found no risk in this business. On the contrary, it has been a very satisfactory business to us. Several years ago we did more of that business than we do now, because there are so many surety companies now that are doing that business alone, and the compensation we get from it does not justify us in doing that class of business. I mean the work outbalances the premiums. Those companies that do that business do not take the precautions that we do.

Not only is it valuable to us, but it is often valuable to the customer. I had an instance where a customer had been a lawyer of considerable experience, he had served a term on our circuit bench. When he went to make his report in the Probate Court we showed him he was several thousand dollars out of the way, of which he made his public acknowledgment. The way the business is done in our office it is a protection to the administrator and it is an aid to the lawyer. I would like to know whether Mr. Jackson's company does that kind of a business or not.

MR. JACKSON: What I had in mind was acting as surety for the completion of real estate contracts or as guarantor of the bonds of contractors, city contractors, municipal contractors. I can understand that Mr. Jones' company would be most efficient in helping the interests of the trust estate, and aiding the administrator who did not care to do all the work himself, and in the matter of settling an estate, for instance. But, answering Mr. Jones' question directly, we do not do that business, except in cases where we may perhaps be an executor of an estate. Under our law the executor cannot be appointed guar-

dian, you see. Consequently, at the request of the family, one of our people may become guardian, the family may have one of our own men made guardian. But we do not go outside of that. I have no doubt that that would be a profitable thing to do, but as a matter of fact we do not do it; we do not do a surety business.

MR. JONES: But you do have one of your officers appointed, and then you do go on his bond?

MR. JACKSON: The officer acts in his official capacity.

MR. JONES: That is true, but so far as the court is concerned he is individually responsible for the principal in that estate and you are his surety. When you come to speak to a general resolution that would be an expression of this body, then of course such a resolution would apply to all these cases.

MR. JACKSON: Let me revert. I had not in mind the acting as surety for persons such as administrators or executors; but rather I had in mind the question of bonds for contracts. Do you follow me?

MR. JONES: Yes. Now, we are limited here under the laws of this State to bonds required by law to be given.

As I say we do some of that business. We may have a very strong customer and he may have to give a bond. The theory on which the business is done is that we take no risk whatever. We simply furnish our customers the machinery by which they may go on their own bond. As an evidence that that is true, there is practically no law. It is an accommodation to our customers. There is not in this State a surety company doing business. Why should we in this State have a law that would not permit any corporation doing business in this State to become surety on a bond where the courts continually require bonds to be given? Why should not this State, if it so desires—with trust companies that are amply responsible and have plenty of capital—why should not the State permit one of its own corporations to do that if it wants to? I can see where an expression of this kind would be of great value to the surety companies doing business outside of the State. They would like to have such an expression. I am opposed to any such expression as that from this Section. I do not think it is proper for this Section to express itself on a question of that kind. I do not know how it arises, but I do know that the surety companies here doing business, outside non-resident corporations doing business here only because they have qual-

ified under the insurance department of this State, would be very glad if we would make such an expression and I do not believe we ought to do it. Mr. Jackson says his company has very little to do with that business, and I venture to say that three-fourths of the gentlemen in this room do not do that business at all, or at least many of them do not. If that is the case, why should they seek an expression from a body of this kind that might interfere with the business of some of the gentlemen who do that business?

Why should we put a club in the hands of our competitors who can go before the Legislature and seek to cripple us in that respect? Whenever the Legislature meets we have a lot of fellows there trying to clip the wings of the trust company. It seems like a big thing for them to do. Some fellow who hasn't got a trust company within a hundred miles of him thinks he can make himself popular with his constituents by going back and showing how he has helped to manacle the hands of the trust companies. A few years ago we had a bill up to prevent trust companies from acting as guardians of children. One man got up in the Legislature and said: "Just think of it! Just think of putting little children in the care of soulless corporations! Just think of putting a little child, intrusting the immortal soul of a human being, and its religious training, to a soulless corporation! Just imagine kneeling at his bed at night and being taught to say: 'God bless the trusts; God damn everybody else.' "

That's the way some of those legislators talk.

And then I like to see such a man when he comes to making his will and providing for the guardianship of his children. Then you often find him talking differently. He will say: "Boys, you are my friends, we were school fellows together, we were young men together and have been in the church together; but now, as I am about to die, I want to say that I cannot trust any of you, that I want a corporation as a guardian of my children."

That is the kind of stuff they talk.

And so I do not want to give them any sort of a club like this would be. They could say: "Here is the Bankers' Association and here is the Trust Company Section of that Association with this sort of an expression." I don't want them cutting into our preserves, for we don't know where they are going to stop. I would be very sorry to see any such resolution passed by this Section.

MR. MASON, Commercial Trust Company, Philadelphia: We do not enter up surety bonds, so far as the conditions of contract are concerned, either municipal or government; we would enter up a surety, though, for an administrator or an executor; and I feel very much as Mr. Jones feels about it. I think it would be a great mistake for this body to pass any resolution saying that it did not believe in a trust company entering up bonds of surety. There are bonds of surety and bonds of surety. I think where you have trust assets, it is really absolutely necessary in one way or another to do it, even if it is done by naming somebody, as Mr. Jackson said, as surety for the person who wishes to be bonded. And it seems to me we are located at such different quarters that what is good for us in Philadelphia probably would not be at all good for a company that Mr. Jones represents. It seems to me that it is purely a question for the company to decide whether it wishes to go into that business or not. If it does not, very well. Why, should I say whether it should go into it or not. I agree with Mr. Jones that it would be a great mistake to pass any such resolution—a resolution which would give ammunition to the surety companies in competition with those who want to go into this business.

THE PRESIDENT: It may be fitting at this point for the chair to announce that this is not a resolution which is pending; it is merely a discussion of the subject. Of course, if any one wishes to introduce a resolution he can do so, but at present there is no resolution pending.

MR. JAMES J. ROBISON, President Ohio Savings Bank and Trust Company, Toledo, Ohio: Before we get to the next section, being the president of a Toledo trust company, I would like to say a few words. The laws in Ohio are lax and they have not been amended to any appreciable extent and the trust companies can work as they think best. The Supreme Court of Ohio has taken away from the trust companies of the State the functions of administering estates and matters of that kind, but we have a number of estates submitted to us individually, and some one else generally has a common executor or administrator, standing as surety for them, and in cases where trust funds are deposited we also act as surety, and where a man has trust funds that he does not want to give a bond for he comes to us and makes us a depository and we act with him and sign checks, jointly with him, and give a bond.

I wish to say that I am in favor of everything that Mr. Jones has said. I don't know whether he gives personal surety bonds or not. I am not in favor of those. But everything else he speaks of I am in favor of, and I think this Section should not under any consideration pass any resolution derogatory to trust companies acting as surety for trust and trust funds where it is an advantage to them and where they can make money on it and do it wisely and well.

THE PRESIDENT: We will pass to the next topic for discussion
METHODS OF SECURING BUSINESS.

MR. FREDERICK PHILLIPS, Secretary Lincoln Trust Company, New York: Where the average financial or fiduciary institution differs from the average mercantile house is in its attitude toward modern methods of procuring business. Indeed, except with the more aggressive and progressive institutions it would seem that business was the last thing desired.

Speaking, however, for those of us who take a different viewpoint, recognizing that next to our duties and obligations to our clients come our duties and our obligations to our stockholders we all want business, and to that end there would seem to be no reason why we should not employ the same means as are employed by the honorable and successful merchant. I take it for granted that you concede the facilities and services of a bank or trust company to be offered to the public on the same principle or basis as that which governs all trade.

Then, inasmuch as the chief factor in the development of every great business and in the actual creation of many new businesses has been advertising—advertising publicity, as it may better be called—it seems to me that appropriate advertising should prove the supreme means of procuring business for a financial institution.

Of all publicity or advertising methods whose aim is to procure business, the most effective is personal solicitation. About this we all know in some degree, and I should prefer to speak of a department of advertising less well known, the printed word. I speak largely from personal knowledge gained by practical experience.

Probably no department of financial or fiduciary business, no single topic except the currency, has received so much attention during the past few years as bank advertising, for it is no longer a question of advertising for banks and trust companies, but a question of good or bad advertising. With the department store advertising has

become at once a science and an art, a science in the knowledge it calls for and an art in the application thereof. With the banks, however, advertising has yet reached but the level of an experiment.

The thing that seems chiefly to obstruct the progress of bank advertising is the fancied impairment of dignity. Dignity is an excellent thing, becoming alike a responsible person or an institution. Dignity and modesty, two notable qualities, have this in common; both may be assumed at the wrong time and place. Advertising in keeping with the institution will add to its dignity if it is that kind of an institution.

The difference that distinguishes good advertising from bad advertising is the result. Advertising that pays is not accomplished merely by filling expensive newspaper space with idle or extravagant words, nor by the distribution of costly illustrated pamphlets. If the bank advertiser has nothing pointed to say to the public, no valuable information to impart, no especial facility or service of which the use is to be taught, then the advertising is a waste of the bank's money. It might better be paid out in interest to the depositors; that at least would be one form of probably very valuable advertising publicity.

Briefly and to the point, what I believe in is educational advertising. That especial kind of publicity which is both informing and instructive, certainly not merely entertaining. For example, no sound, conservatively managed institution can offer better rates of interest on deposits than any other institution, the character of its investments being the same; all must have some particular superiority, either in location of offices, business hour, quality of the service, that shall prove particularly attractive. But with regard to fiduciary business, it is a question of education. (Applause.)

MR. CHARLES MCKEE, Secretary of the Mercantile Trust Company, of Little Rock, Ark.: A good deal is said about the dignity of banks; but in these days of competition it is necessary for bankers to go out and get the business if they want to succeed. The trust company is certainly leading the way in the matter of advertisement, and it is to the trust company business that the people are being educated. The kind of advertising that we should do, in our opinion, is to place before the people the advantages of having trust companies act as administrators and guardians. The savings bank business is pretty well advertised. We are all familiar with the extensive adver-

tising of the Pittsburg trust companies and the Cleveland trust companies. They advertise all over our States, and they get business that we ought to get. But we are doing the best we can now, and we often copy their advertisements—because they sound pretty good—and we are getting some of their business now. (Laughter.) This advertising is an expensive thing, but we believe that it pays. But even better than newspaper or magazine advertising I think that personal solicitation is the thing. By personal appeal much business can be secured that can be secured in no other way.

MR. FESTUS J. WADE: The best way I have found to maintain and secure new business is to do the least possible work yourself and get associated with you good tenants and give them Hades if your business does not improve. But, leaving jesting aside, following in the footsteps of some of the old and ancient and honorable trust companies, one of which Brother Jones represents, we have found advertising in all forms beneficial, and I cannot pretend to say on the moment how much it costs us to maintain our advertising department, but it certainly aggregates two per cent. of our capital per annum. We advertise in every form. We advertise in local newspapers and in banking newspapers, and we even write to other trust companies, asking them for their accounts. They don't give them to us, but it shows bad management on their part. I have no doubt that Brother Jones has gotten a letter from me several times, asking him to bring his account to our office, and he has shown his bad judgment in not doing it; but there is one consolation, and that is that while he did not there were others who did.

MR. BENJAMIN I. COHEN, President Portland Trust Company, Portland, Ore.: I fully agree with the preceding speakers that in advertising the best possible way of reaching results is by personal solicitation. But there are two forms of personal solicitation, and there is, in my opinion, a link that connects the two, and I believe the link is as important as the link that connects the locomotive with the train behind it. I can illustrate that in this way: Suppose I hear that Jones has just sold a lot of bonds and does not know what to do with the money——

MR. WADE: You are not referring to Breckenridge Jones having money and not knowing what to do with it, are you? (Laughter.)

MR. COHEN: No, sir; Breckenridge Jones is *facile princeps* among trust company men, and knows what to do at all times and under all circumstances. I am referring to an imaginary Jones.

Now, in the case I cite, if I go to his office and sit down and talk to him, Mr. Jones is probably thinking about his own affairs. In the midst of our conversation a clerk comes in and hands him something that needs attention, and so he is interrupted and Jones loses the thread of my argument. But if I can get Mr. Jones to come to my office and show him through my bank and let him see my clerks busily at work and so on and then take him into my private office he would get the benefit of environment and environment counts tremendously in business, just as it does in social life. Then when I get him seated quietly in my office I tell him that we have such and such bonds that we would like to sell him and I touch my buzzer and the boy comes in and I say: "Bring those bonds in," and he goes and gets them and brings them in and I show them to Mr. Jones. Ten to one he will buy them under such circumstances, if he is looking for a good investment. My point is that if you can get a man to come into your own office that way, he will be a great deal more impressed with what you have to say to him than he will be if you have to go to his office and seek an interview with him. Now, the question is: What is the link between those two forms of solicitation? I maintain it is printer's ink. My contention is that the use of advertising in the daily press is simply to bring the customer to the bank. I do not believe you can convince a man by the advertisement alone. Of course, once in a while a man will come in and say: "I want such and such a thing that you are advertising," but as a general thing a man simply comes in to make inquiry, and the advertisement in the newspaper serves the purpose of bringing him to your office. I believe the true secret of printed advertisements consists of what you might call three elements. The first is to tell the truth. Never say anything in an advertisement that is not true—true to the letter and true in the spirit. If you have lost money on last year's business, don't tell the public that you have gained money. If you do not tell the truth in your advertisements, sooner or later you will suffer by that course of advertising. There was a certain bank in one of the cities of the Atlantic coast—and I, being from Oregon, watch what is going on at the other side of the continent—that has been publishing

a series of most aggressive and clear-cut advertisements, but every now and then something did not seem to read true about them. I have found out since I have been in St. Louis that those advertisements were not true. The effect was to bring that bank so much trash that I was privately informed that within the last six weeks it was on the verge of insolvency. The truth is mighty and will prevail; the truth is consistent, and it is the only thing that is consistent. A lie is not consistent with itself, and you will never profit by a lie in your advertising any more than you will by a lie in your private life. The next thing is to form your advertisements so that people will read them. I do not believe that the thousands and thousands of dollars that the trust companies of the United States have spent in simply putting cards in the papers containing statements of their capital and surplus, and so on, amount to very much; I do not believe that that brings them any business. I believe that advertisements ought to be made attractive so that people will read them. I see a gentleman in this audience who has recently been elected president of a very conservative bank in my native city, and the first chance I get I am going to congratulate him on the form of his advertisements—the way the printer sets his advertisements up. After you have gotten the form in your mind, then the next thing is to have what you might call a key word in your advertisement. If you will pardon me for a personal illustration, we published an advertisement once that did us a great deal of good, and it was headed with the word "Harvest," beginning by saying that the harvest has come, that the farmers had gathered their crops, and so on, and then we went on to tell our story. I will venture to say that every farmer that saw that word at the top read that advertisement through. If you can get people to read your advertisements by using these two methods and getting them into your bank you are going to get business from them.

While your advertisement should be sharp and to the point, should always be telegraphic in form, at the same time you must never lower your dignity, you must never do anything that will let the public think you do not take yourselves seriously. I have had my advertising writer come to me with the proof of an advertisement and ask me what I thought of it, and I would have to say to him: "Well, that is pretty good, but it is a little bit on the sensational. Suppose you tone that down a little; don't make it too exuberant." I believe

that the true advertising writer is born and not made, and when you get hold of a good man for your advertising department you ought to treasure him beyond pearls and rubies. (Applause.)

MR. JOHN T. WOODRUFF, President Springfield Trust Company, Springfield, Mo.: I do not quite agree with what has been said, in the statement that there is no good in having a stereotyped card in the papers, with the names of your directors and officers, and so on. I don't think that it is profitable as other classes of advertising, but it certainly helps to a considerable extent. The reputation of a financial institution is a very valuable asset. It is a very valuable thing for an institution to have all the people of the community know that such an institution exists, and has a given capital stock, has a certain line of deposits and that certain influential men of the community are connected with the institution. Those things can be advertised in the stereotyped card, and I think that that is valuable. But attractive advertising, such as educating the public to the utility of the trust company, emphasizing its trust feature, emphasizing the fact that a trust company is an organization to take care of idle funds, that interest is paid on deposits, and that kind of thing, is educational in its character and is more helpful than the other. But they are both helpful.

I fear we sometimes forget, in our efforts to get business, the fact that it is important to obtain business and to keep it; the important part is to retain it. There is not much progress made if a bank gets an account this week and loses it next week. In its advertisements, or any other efforts it makes to get business it should not lose sight of the fact that the business it gets can be held, be retained if the institution conducts itself properly toward the persons from whom it gets the business. In our institution I see that the person who makes a deposit in our bank for the first time is written a letter thanking him for his account. I also see to it that when a depositor quits the institution that fact be made known to the head of the institution or the treasurer, and immediately an inquiry is begun to find out why that man left the institution. In making that investigation we first find out through whose influence the depositor or the patron came to the company, and we then set that individual to work to find out the cause of his leaving. If unsuccessful in that way we employ other means. We endeavor to see to it that a patron of the institution is always a patron of the institution.

The most gratifying thing to an institution, it seems to me, is to have your patrons stay with you; and the next most gratifying thing is if a patron leaves you to have him express regret that he has to do so. (Applause.)

MR. ARTHUR ADAMS, Vice-President City Trust Company, of Boston: I think there is one feature of this topic that might be corollated with topic number five—"How to Maintain the Interest of Members of the Board of Directors." I think their interest can be maintained by inducing them to visit the institution frequently and by requesting their help in getting new business. That will keep them thinking about the company and realizing that it is their company and that you are partly dependent upon them for the business you get. But, of course, every community is different. What might do very well here or in the South or the West might not do so well in the East, or vice versa. While frequent advertising in newspapers might appeal to people in some sections of the country, I do not think it does appeal so much to the people of New England. I think there the personal element, the personal influence of the officials and directors of a bank is the greatest factor in securing and keeping business. We depend upon the personality of the officers and directors for a large part of our business. If for any cause an official of one company leaves that company and goes to another company there is always a lot of business goes with him on account of his personal friendships. I believe that keeping yourself, as an officer, and your company in the minds of your directors is one of the best methods of getting business, and at the same time keeping your directors interested in your company. (Applause.)

MR. J. F. THOMPSON, Vice-President Bankers' Trust Company, of New York: Mr. President, I think one very important feature has been overlooked. A certain baby food states to the world that it is advertised by its loving friends. I think that that will apply very strongly to any business undertaking and particularly to a bank or trust company. If the company so conducts its business as to commend its method to its depositors, those depositors will be its friends. If the personality of the officers is such as to make every depositor a friend of the institution and interest himself in the success of the company and its officers, obviously the results will be good. To me the most gratifying thing in our business experience is to have a customer

gradually develop into a personal friend, and then tell his friends that our institution is a good institution to do business with. It is extremely gratifying to a trust company officer to have his business grow for that reason. So I think we might all well cultivate that feature to the greatest extent, make our customers work for us, not because we ask them to do it, but because our treatment of them is such that they are glad to do it. (Applause.)

THE PRESIDENT: Since we have drifted into a discussion of the maintenance of interest on the part of the directors, we might now continue the discussion under that heading:

HOW TO MAINTAIN THE INTEREST OF MEMBERS OF THE BOARD OF DIRECTORS.

Mr. Adams has alluded to it and I think we might continue on that line.

MR. F. B. GIBSON, Vice-President International Trust Company, Denver: When I saw this topic on the programme for discussion I at once thought of one of the largest financial institutions in the country, if not in the world, whose success is largely due, in my opinion, to the active support and interest and conscientious service of its directors and trustees. I wrote to one of the general officers of that company for some suggestions from him along this line, and, with your permission, I will read one or two extracts from that letter, because I think they are very pertinent, and they certainly come from a very successful experience. He says:

"Whenever a vacancy has occurred it has been the aim of the board to fill that vacancy with a thoroughly practical business man. We have not looked to any politician or any man of particular national prominence. What we wanted was a board of directors composed of honorable business men of long experience, and we think we have been able to realize the highest measure of success in this direction for many years. The law provides that a majority of our board must be residents of New York. Therefore, of our twenty-four directors at least thirteen reside in New York city. Therefore, you can see that we are pretty sure always of a quorum at our monthly board meeting, and in fact we have the almost daily co-operation of those New York city directors for committee work.

"As to our committees, we have an executive committee of five trustees, which meets at least once a week; a finance committee which

meets three times a week, and a sub-finance committee which meets every day. The auditing committee meets weekly or oftener. These gentlemen have always taken a great interest in the progress of the company, and we believe that we have held their interest on account of keeping them closely posted at all times regarding developments in the business. I know it is very easy for a board of directors to get out of touch with the everyday operations of a corporation, and with this thought in mind we have endeavored at all times to familiarize them with our doings.

"I think if the same plan is pursued on the part of banks or trust companies, or any other corporations—that is, a plan by which the director is almost daily in touch with things that are going on—that the same effective service can be expected of a director, and I think you understand me when I say that the management in keeping touch with their directors conveys to them all the figures relating to the progress of the business, investments, etc., which, of course, in banking would be practically the same. If you will let me make a suggestion it is that the lack of interest on the part of certain directors of corporations is due to the fact that they are non-residents of the city in which the parent office is located. If they only attend a meeting perhaps once or twice a year they get out of touch with the corporation and they manifest very little interest in its daily operation."

(Applause.)

MR. H. O. HILDEBRAND, President Rittenhouse Trust Company, Philadelphia, Pa.: Mr. President, I have been very much interested in this discussion. I think it is highly important that the directors should be kept in touch with the organization, and it seems to me that the best way in which it can be done is by keeping them informed of what is going on. I am sure that there is no better way by which a director of a financial institution can be kept in touch with the institution of which he is a director than to impress upon him, have impressed upon him by the management of the company, the fact that he is important, that the success of the institution depends to some extent upon him; and that information as to the affairs of the company and what is going on should be given him in order that he may know what to do. I have been connected with a banking institution but a very short time, and I hesitate to say a word on any of these topics, yet I am encouraged to do so because of the fact that

in one respect I stand possibly on a level with you all, and that is that none of us know it all. I am convinced that there is no way by which a director can become interested in a banking institution with which he is connected, except to become intelligent on the subject of banking. Soon after I became president of the institution with which I am connected I consulted no less than three prominent bankers in Philadelphia, one with an experience as long as twenty-five years, and the others with large experience also, and I asked them whether they knew about anything that has been printed or written giving information concerning the duties of a director of a financial institution, and every one of them replied that he had never heard of anything of the kind. It may be that some of you know of some such publication or literature bearing on that subject, but I have not been able to discover it. It seems to me that one of the reasons why directors of our banking institutions are not more personally interested in the affairs of the institution with which they are connected is because they do not know just what the privileges and what the duties of a director of a financial institution consist of. Think of that. I think you will bear me out in that statement. Take the average man who is called upon to become a director of a financial institution. He is selected chiefly because of his prominent position in the community, and yet he has had very little education along banking lines. He may know very little of what constitutes the responsibility of a director. It seems to me one of the ways by which a director can become interested in a financial institution is to keep him informed. I don't know of any other way than to have the management inform him as far as is in their power.

I thank you very much for your attention. (Applause.)

MR. C. E. WILLOCK, Treasurer Fidelity Title and Trust Company, Pittsburg: Mr. President, right along the line of a number of speeches this afternoon I have been waiting to say something that I thought perhaps some one else would say. As no one else has brought the point out, with your permission I will do so.

The institution with which I am connected in Pittsburg has a board of fifteen directors. The way we maintain their interest is by making them work. We have an executive committee composed of three members of the board, and the president is *ex-officio* a member of that committee. One of those members drops out from the com-

mittee each month and a new member of the board of directors is selected to take his place. In that way we go through the whole board. In other words, we have three members of the board at each committee meeting, and at each monthly meeting of the board (the second Thursday in the month) one member of the committee is dropped off the committee and another man selected in his place. In that way, as I say, we keep our whole board interested and make them work. We find that that is a good method to keep up interest in the board of directors. (Applause.)

MR. G. STEPHENS, President Southern States Trust Company, Charlotte, N. C.: The point in regard to giving the directors something to do it seems to me is one of the most practical ways of drawing the interest of the board of directors to the institution. A plan that has been tried very successfully by a trust company with which I am familiar is to acknowledge every little account that comes to the company. A letter is written to some member of the board of directors asking that member to personally express his appreciation as a director for the business that has come to the company. It will be found that every time this is done it adds to the interest of this director in the company's work, and very soon that interest leads him to investigate other phases of the company's business, and he soon becomes thoroughly familiar with the affairs of the company. A good many officers of banking institutions seem to have an ambition to have a customer say that they are banking with John Jones, or whatever his name is, but it seems to me it is better if we can get them to say: "I am banking with the Jones Banking Company," or whatever the name is, and that can only be done by active interest on the part of the directors.

There is nothing in the world more interesting to the normal mind than the subject of growth. For instance, the growth and development of a child, the growth and development of some plant; and so when you get a director interested in the growth and development of some company he represents as a director there is no calculating the force of his influence, combined especially with interest on the part of the other directors. And it seems to me that the point just made, to give the director something to do, something definite—for instance, to solicit a new account that may be obtained by his solicitation—is something that will create in the director an interest in the company.

Sometimes a director can solicit a new account a great deal better than an officer can, and if officers would sometimes sacrifice a little pride and let a director do it, the bank would accomplish its end probably more readily and easily, and at the same time such a thing would make a working director out of a man who has possibly before that been little interested in the affairs of the bank. (Applause.)

MR. A. E. METZGER, President German-American Trust Company, Indianapolis: In reflecting over an experience of five years in connection with a financial institution at Indianapolis I would go back to the organization of the corporation itself and call attention as is the case with this institution to the fact that it was careful at the organization of the company to give a wide distribution of its stock, so as to have assistance not alone from the directors, but the stockholders composing the organization. The institution I refer to was started five years ago and now has deposits of over seven million dollars. It found great assistance among the stockholders, who are widely distributed. After the first year of the company we adopted the method of paying the directors five dollars for each meeting, and we have found that that has been a good thing. I don't know whether you have had the same experience, but I believe it tends to keep up the interest of the directors to pay them a small compensation for attending the meetings of the board. I think you can more freely call upon them then and that you can get better service from them. But, as I have suggested, it is important to work with the stockholders as well as the directors. We have found great service coming from the widely distributed stockholders.

MR. STERLING FORD, of Tennessee: I think that one of the best ways to keep up the interest of the directors is to get them to attend to the meetings, and a good way to get them to attend the meetings is to keep them guessing. Carrying out this idea, I had some cards printed, reading "this reminds me that our next directory meeting will be," so and so, and just before the directors' meeting comes around I mail one of these cards to each member of the board, and then on the other side of the card I usually typewrite, or write with my own hand, some kind of foolishness that gets up their curiosity, and they want to know what is going to happen.

It is my idea that we ought to try to make our directors' interest in their company grow as fast as interest on a loan grows according

to the idea of a Southern negro. I once knew an old-time darky who bought a mule, and he gave a small cash payment and a note for the balance. I believe the amount of the note was fifty dollars. He paid a little now and then, as he could. He had an idea that the "intrust," as he called it, was probably a hundred dollars a month. It seems he had not paid anything on account of what was due for two or three months, and he came over to the gentleman in whom the title to the mule rested, and old Uncle Ephram came up and tipped his hat, and he says: "Well, sah, I has brought you some more money on account of old Pete. I done brought you ten dollars two months ago, but I reckon the 'intrust' has done eat up that before now." So that is the kind of "intrust" that I am trying to stir up among the directors. (Laughter and applause.)

MR. ROBERT J. WOOD, President Interstate Trust and Banking Company, New Orleans: I know of no better way to explain my views on this subject than to relate my experience in the matter.

When my friends and myself bought into the Interstate Trust and Banking Company of New Orleans we found that, although they had a very large directorate, and although they had committees and regular board days, they had not had a committee meeting for some time, and the minute book of the board of directors showed many occasions where there was no quorum present.

At the first favorable opportunity we failed to re-elect those directors who had not taken enough interest in the affairs of the bank to attend the weekly meetings of the board.

We then cut down the number of directors, and the directors that we re-elected were men whom we felt certain would take a real interest.

By using discretion in the selection of directors, and by taking them into our confidence, and by showing them just what a really good institution we had, the members of the board individually gradually accumulated enough stock to place them in absolute control of the bank.

When our board now meets around the table it represents the controlling interest in the bank. Thus the bank's business is each member's business, and it is a poor business man that does not attend to his own business.

With all this the interest of the board might have lagged had we

not been careful when selecting directors to select those who we thought would maintain an interest.

In appointing committees, such as executive, discount, examination, etc., it has been our object to have rotation in office, not to keep one director on any one committee too long, but to see that each member of the board took his turn at serving on the various committees. Some of our directors, after serving on some of our committees, and seeing the real inside workings of the bank, have largely increased their stock holdings.

Our board meets every Thursday at three-thirty in the afternoon and each member present receives a five-dollar gold piece.

Our executive committee meets every business day, except Thursdays and Saturdays at twelve-thirty, and each member present receives one dollar.

The executive committee consist of four members of the board besides the president. The directory is composed of fifteen members.

At these committee and executive meetings every member of the board is urged to speak fully his views on any matter that arises. We have no secrets from our directors and value their good counsel.

To be of great service to the bank as directors the business interests of the members of the board should be diversified and furthermore a board composed entirely of young men or entirely of elderly men is not advisable. There should be some of each.

I would not care to be connected with a banking institution where the interest of the members of the board of directors was not maintained.

I know of no greater guarantee for the financial solidity of a bank than an active board of good directors.

The institution of which I have the honor to be president has been very successful the past few years, and it is largely due to the active help, co-operation and interest of the men that compose our board of directors. (Applause.)

MR. F. W. HYDE, Secretary Chautauqua County Trust Company, Jamestown, N. Y.: I can say along the line of what has been said by others that we endeavor to make our directors interested in our company by receiving them cordially and detaining them at our institutions if possible and interesting them in what is going on. If we get hold of anything good in the line of advertising matter we see

that each director gets it. For instance, we received a notice that one of the local magazines here would publish a full account of this convention. And we brought that to the attention of the directors. If we find anything in the newspapers that affects banks and trust companies, especially trust companies, we see that each director gets one of those papers. We give the director a glad hand and endeavor to obtain his loyalty by showing our loyalty and interest in him. (Applause.)

THE PRESIDENT: In this connection I would suggest that it seems to me a good idea to give each director who does not attend the meetings a full account of the proceedings at such meeting, together with all reports that are made. I simply make that as a suggestion to supplement what has been said.

MR. I. H. C. ROYSE, President Terre Haute Trust Company, Terre Haute, Ind.: The success of any business depends very greatly on the character of the men engaged in it. This is especially true of the business of banking in all its forms. Capital is an important element, yet it cannot make a successful bank or trust company without the help of capable men. Capital gives the trust company power in the business world, yet its safety must depend upon the character of the men in charge of its affairs. No amount of capital can safeguard such an institution if its management be in the hands of reckless, dishonest or incompetent men.

It is said that in a bankers' convention, the question, "How can defalcations of bank officers and clerks be prevented?" was answered by Lyman J. Gage in just six words: "Employ none but men of character." I firmly believe that answer gives us the surest safeguard against "irregularities" in trust companies. With men of high character in control of our companies, whatever the amount of capital, there is very little danger of irregularities of any sort.

The officers and clerks of such institutions should be people of the highest moral character. Of course, no gambler, drunkard or dissolute man should be tolerated for a moment. The frequenter of saloons should find other employment. Let all such men consort with their kind, but not assume to manage the affairs of a trust company. Like the rules for Caesar's wife, all officers of a trust company should stand absolutely clear of suspicion in all such matters.

That is not all. If our noble institutions are to be safeguarded,

the officers in charge must avoid all speculations. The speculator is a dangerous man to the trust company if in any place of control. If successful—that is, if lucky—in his ventures, he is tempted to go deeper. If unlucky, he tries again in the hope of making good his losses. In either event the temptation to use the company's funds is too strong for most speculators. If a man has the "get-rich-quick" fever and must engage in speculative enterprises, let him do it independently, in his own name, with his own resources, and let him keep out of the trust company.

The trust company is given the most sacred duties—not only the care of the funds of confiding depositors, but the management of the estates of widows and orphans, and ought to stand in the estimation of the community as the most conservative of all financial institutions. Therefore we cannot too strongly emphasize the statement: "The trust company has no place for speculators."

All officers and clerks of the trust company should be held to a strict account in all these matters. Their conduct outside of business hours should not be overlooked. Their habits of living, whether more expensive than their income will warrant, should be carefully looked after. The public has an interest in the private life of all who have anything to do with the management of such companies, and it is the duty of the members of boards of directors to constantly keep a watchful eye on the conduct of their employees.

The officers and clerks of a trust company should be men of *one* business. No man can do his best work with a divided interest, thought and attention. The salary should be for full time and sufficient to enable them to give their entire talents and energies to the business of the company. They should be free from "side lines" that call for capital. Such side lines have broken many banks. Such side enterprises need money and the bank is too often used to supply it. The temptation to "borrow" from one's own bank in such cases is greater than most men can withstand. Many banks have been organized with the definite purpose of providing funds for the outside enterprises of their managers. The trust company, more than any other bank, should stand clear of all such dangers.

On this point I have more particularly in mind the trust companies of our smaller cities in the West. Conditions may be different in the great cities such as Chicago and New York. It may be con-

tended that the more capable men cannot be confined to one institution. Their ability leads to engage in many enterprises. The newspapers inform us that many of our great financiers occupy positions in many corporations, being president, vice-president or director in scores of them. Some of them are thus connected with so many companies as to make it doubtful if they have any real knowledge of the doings of any of them. With such a division of time and talents, even of our great men, there surely cannot be any close supervision.

The last safeguard that I will mention is that the board of directors of the trust company should be composed of men who will faithfully give such time and attention to the affairs of the company as will enable them to know for themselves, in a general way, how the business is being done. They should know how the funds of the company are invested and, in a general way at least, the character of the investments. It is inexcusable that the members of a board of directors are so occupied with other business as to be unable to carefully scrutinize the methods and management of the company they have sworn to direct. One who cannot give the requisite time to it should not accept a place on the board. The board of directors should in fact "direct."

In conclusion, permit me to say with men of high moral character, though not possessing great ability, men free from the faults I have mentioned, men of exemplary habits, devoted to the one business, in charge of the affairs of the trust company, with boards of directors who really direct, there will be very little danger of any serious irregularity in them or in their management.

The great safeguard is in the character of the men in control.
(Applause.)

THE PRESIDENT: The sixth question is:

CASH RESERVE FOR TRUST COMPANIES.

MR. WADE: This is a subject that has been a hobby with me. I know of no way by which the trust company can be firmly established in the minds of the people of the United States as the safest kind of an institution than by requiring it to carry a strong cash reserve, and there is a great deal of difference between the theoretical reserve of your bonds of any character or your accounts in other banks and that article which never goes out of fashion, mere cash. It is incomprehensible to my mind, gentlemen, why an officer of any

financial institution should take the risk of ruining his reputation by being caught in times of distress without a strong cash reserve in his vaults. It does not require much practical experience to have that fully imbedded in one's mind. As I said at one of the former conventions, it took me just fifteen minutes to be disabused of the notion that a million dollars in the other fellow's bank was worth as much as one hundred thousand dollars in the vaults of the institution we represented. We all know that times have existed when you could not go to New York city and get your deposit in cash. Those times will come again. The action of the New York bankers at that time was a providential action, and I am not criticising it; but nevertheless it was a fact—and if any of you gentlemen to-morrow for the lack of a proper cash reserve in the vaults of your institution should happen to close your doors, you would be condemned by your stock-holders and depositors, and the men who are sitting in this convention to-day would say: "Well, he was a good fellow, but he ought to have had more sense." (Applause.)

MR. PHILLIPS, of the Lincoln Trust Company of New York: I think it is up to Mr. Wade to say where they got their cash from when they wanted it. I think that is a slur on New York.

MR. WADE: Well, there is one place where we did not get it from, and that was New York. And there is no slur cast on New York. I say the action that the New York bankers took in 1893 was providential and a good thing for the country, but I do say that the New York trust company, who, until a few years ago, failed to carry a cash reserve at all, not only jeopardized the interests of the banks of New York, but the interests of the financial institutions of this country. We of the West take our hats off to the New York banker because of the preponderance of New York as a financial centre, but when it comes down to a question of cold, hard, common sense we believe that there is as much intelligence growing in the wilds of Wyoming as there is in the Bowery of New York. (Applause.)

MR. CHARLES ROBINSON, Vice-President Guardian Trust Company of New York: Having been in commercial banking lines about sixteen years, naturally I have one or two convictions on this subject. A demand deposit is a demand deposit the world over, whether it is State bank or national bank or trust company, and the only question involved is what is a necessary reserve. Perhaps no



two of us could agree on that, but the matter of reserve, it seems to me, is a matter of evolution based on the average human experience, and if any one of us sets up an idol that we are not subject to the usual laws I am afraid the day may come when some of us may find that idol shattered.

In New York, from the trust company standpoint, we have gone a step forward. We are now on the basis of five per cent. cash, five per cent. in securities and five per cent. cash in banks. That is, they are not all mandatory; the five per cent. cash is mandatory and the other ten per cent. may remain in the bank. But the whole fifteen cannot be carried in cash. That is a step in the right direction, and before the law was passed the institution with which I am associated carried that, although not all in cash. You know it took Spain twice to discover us—first by Christopher Columbus and then, later, by means of the Spanish-American War. It seems to me that since the war the spirit of co-operation has developed in the most marvelous way. Beyond question, there is a basis of confidence to start with. The more that is developed the less we will see of panics in this country, and while we may have others I hardly believe they will be as severe as they have been heretofore. (Applause.)

MR. BRECKINRIDGE JONES: Mr. President, it is with some diffidence that I venture to assert a difference of opinion from my friend Wade, but my studies on the trust company question were primary. I had to go into it some years ago when there was not any literature on the subject, as I said this morning, and, reasoning it out on general principles, I tried to arrive at the philosophy of the institution. This question of reserve can be treated in one way along the line that Mr. Wade treats it, and his arguments are unanswerable, that you must have a proper reserve. We all admit that. But the argument I think must apply very generally to trust companies. Now, to my mind, the trust company is not a bank. They are two distinct institutions, built on different philosophy and just in so far as the trust company to my mind becomes purely a bank and applies the rules of a bank, just so far it becomes not so profitable as a trust company and less profitable than a bank. There is a difference between them that is primary and fundamental. A trust company that gets off of the philosophy of its existence and becomes a bank should be controlled by the rule applicable to a bank, but if on the other hand it

shinnies on its own side and remains a trust company, according to the philosophy of the trust company, then the rules applicable to a bank do not apply, and the rules applicable to the trust company do apply.

Take it in our own city, where we keep saving accounts to the extent we do keep saving accounts, and to that extent the rules applicable to a national bank, or to a commercial bank do not apply to those deposits. If we say now we have the same reserve, going into the clearing house, that then we must keep the same reserves as a bank, we are put up to the question of the difference in the kind of reserves, and that depends upon the character of your deposits. If they are of the same character of the deposits of a national bank, then you ought to have the same reserve. If your deposits are of the character of the savings bank, then there is a different rule that applies. The savings bank, I think, through New England does not carry five per cent. cash reserve. That is my general recollection, that it is not five per cent.

A MEMBER: You are right.

MR. JONES: I think it is only three per cent.

A MEMBER: That is correct.

MR. JONES: The theory of the institution being that they should keep their money out at interest and consequently that they should not keep too much cash on hand, and by reason of the nature of their deposits they keep only a small per cent.—three per cent. That difference between a national bank and a savings bank is fundamental. It is predicated on the difference of the character of the business. Now, coming to the nature of the trust company's deposits, I think the question of the reserve depends upon the nature of those deposits. If, as one gentleman from the South has said, the trust companies were practically banks, then the rules applicable to a bank would be suited to this case. On the other hand, if you take a company like the Farmers' Loan and Trust Company of New York, for instance, that does not pay out any money over the counter, but pays checks by drafts on the clearing-house bank, and does not have any active accounts, the nature of their deposits is different.

To my mind the danger incident to the trust company movement to-day, and the number of trust companies, is that the trust companies will cease to be trust companies, but will be simply banks. It is the old argument that has been made over and over again, but it is true. If I

go to Mr. Holliday as president of a bank and say to him: "I want a line of credit with you; I want twenty thousand dollars credit, he will tell me that he will give it to me, provided my account justifies it, and if I have an account with him averaging five thousand dollars he will consider that that justifies a line of credit to the extent of twenty thousand. The theory upon which that credit is given is that ordinarily I have enough money to run my business, but in seasons of special activity of business I have not enough money, and, therefore, I am not unreasonable when I ask credit to that extent to help me through that season of activity. The theory upon which the bank loans is that its customers are in different lines of business and that one man needs money this season of the year and another man needs money at another season of the year. And, carrying this principle out, a national bank does not usually lend money for more than ninety days. If I keep five thousand dollars on deposit with him without interest the favor he does me in return is to give me a line of credit in proportion. He is under the same obligation to all his customers. Therefore, his loans in the very nature of the case must be distributed between his customers. They must be short time loans, small loans in a general sense, so that he can take the money of three men, the money three of his customers have on deposit and lend that money to the fourth man, giving the fourth man an accommodation to the extent of four times his usual or average deposit. The next season comes around and he gets that money back from that fellow and he has to accommodate some other fellow, and so on. As you see, a bank lending money in that way goes on the principle that its customers will not all want money at the same time; its customers are engaged in different lines of business. And so it is dangerous to deal with a bank whose customers are all in one line of business, because they may all need money at the same time and then that bank is not in a position to accommodate an outside man. That is not the kind of a bank to go to for a man who has an average account of say five thousand dollars and who does not need to borrow money. A man with such an account will go to a national bank and he will say: "I have five thousand dollars for deposit," and they will say in reply: "We will give you a line of credit of twenty thousand dollars for your account," but he will say: "I don't want any line of credit." Now, the nature of that deposit is different from the other deposits.

Mr. Holliday says: "You don't want a line of credit; then you go to the trust company and they will allow you three per cent. on your daily balance." The thing the trust company gives instead of credit is interest on the money deposited with them. And when they do that they are under no obligation to lend you money. Because of the nature of the customers of the trust company the trust company can lend their money to outside men who are not customers. They can make larger loans than a bank can and have a longer time, because their deposits are different and they are not expected to pay them, they are not called upon to pay in the same sort of way. Therefore, the question of the reserve the trust company should carry depends on the character of its deposits, and the amount of reserve that the bank should have depends on the character of its deposits.

The same principle applies in England. Take the great joint stock banks of England. They do business just like the trust companies in New York. Their reserves are in the Bank of England and they do not keep large reserves in their own vaults. All the trust companies in America—what is it, twenty-nine hundred million dollars of deposits, I believe it was figured this morning—let them say that on the first of November we will all need the same reserve in our vaults that is required of national banks, there would not be money enough in the United States to go around. The difference between my brother Wade and myself is in the character of the trust company business. We keep such reserve from our knowledge of our business that we know is satisfactory and profitable. He keeps such reserve as he thinks is profitable. But do not let us get in such a position here that we will try to run the whole trust company business through one mold. Let us leave the elasticity of the trust company so it can respond to the needs in its community and do that business without having this great body come together and put a mold there and have everybody run through the same mold.

Some gentlemen have said that the basis of the success of all these things is character—the character of men. This will be of a paternal nature; the Government will have to look after it and the character and the judgment of the men does not amount to much. I take it that each of you gentlemen that is intelligent knows the kind of business that is due to the community in which you do business and that two trust companies in the same community may keep different reserves

and do different businesses. And, therefore, when we talk about keeping reserve, to say that you should not have a sufficient reserve—everybody will admit that we ought to have a sufficient reserve, but when you talk about keeping reserves, in a general way, I believe that the people understand from the general talk in the press that it means keeping the reserves that the national bank has to carry, and that possibly means going before the Legislature and forcing all of us to keep reserves out of proportion to the actual needs of the business, and that will result in putting us in a position where we cannot pay the people the same amount of interest we are now paying them. Why should these people in the community that do not require credit not be just as much entitled to put their money where they can get interest on it and be allowed to do it, as the commercial men, the broker or the wholesale merchant, should be allowed to go to a bank and get his money and get no interest, but get a line of credit? I could talk to you an hour, going into the various phases of the different questions, because we have had to fight them on fundamental principles, and the fear that I have, and I want to sound it in this meeting of the Trust Company Section—the fear that I have for the success of the trust companies is that they are spending too much toward doing a general banking business and are forgetting the fundamental difference between a trust company and a bank. I have stated one difference. I could follow it out into its ramifications and show you the tendencies of the trust company at the present time, but I have detained you long enough. Do not forget the philosophy of the trust company, and do not forget that it is not a bank. (Applause.)

MR. WADE: The chair stated that he wanted to get an active discussion on any old subject, no matter what it was. He selected Brother Jones to discuss the theory and the philosophy of the trust company, but he requested me to give you the facts. (Laughter.)

I submit to a jury of a lot of trust company officials this one fact: Do you receive demand deposits? Do you pay interest on demand deposits? If you do, you are borrowers of money. You are a bank, then, pure and unalloyed. Whenever you hang out a shingle and say: "We take deposits on demand," you are a bank, pure and simple. Whether you loan your money on time or on ninety days you are a borrower of money for every dollar of time and demand deposits you have on your books, and you have got to be pre-

pared to meet that; and all the theory and philosophy from A to Z is not going to satisfy your depositor when he calls on you and wants his money. I represent a corporation, and through my official position I am able to say: "I am able to keep a deposit account with you of one hundred thousand dollars." This man over here keeps no account at all. He wants to borrow two hundred thousand dollars. He is willing to pay six per cent. I come in and I say: "Mr. Trust Company, I would like two hundred thousand dollars at five per cent." Who is going to get the two hundred thousand dollars? Is the gentleman who has nothing on deposit going to get it or am I going to get it? We all know when you come to talk about reserves you mention no percentage, and when you talk about your national bank you say they carry twenty-five per cent. That is not a fact; that is a theory. We have national bankers here and not one of them will get up and hold either hand up, right or left, and say: "We carry twenty-five per cent. in a central reserve city, or the reserve city." What they do is this, they don't carry any reserve on their time deposits. They don't carry any reserve on their own national bank notes, on their own circulation; they don't do that. You analyze the national banking laws and what do you find? You find that there is no national bank in this country that is required to carry on its record more than seventeen and a half or eighteen per cent. Get the clearing-house rules of this country, and there isn't any of them that require you to carry twenty-five per cent. That is the philosophy, that is the theory; that is not the fact. Brother Jones fears for the life of the trust company in its growth and prosperity because we are going into the banking business; but I fear that unless we carry a reserve equal to that required by the national bank law we may run up against something that will not be good for us. I believe the first time we strike a zephyr, such as we did in 1893, that those deposits will be depleted, and if I did not believe that a trust company should carry a reserve as strong as any other financial institution I would give up my present occupation and go into some other business where there was not so much risk of my losing. Again, if you say we want to eliminate the banking business, then you gentlemen that are holding your delightful positions to-day would not stay there very long, because you could not make your expenses. Those are facts, not theories. (Applause.)

MR. ROYSE: Mr. Chairman, as one who has had about a twelve years experience with the trust companies, and never had any interest at all in a commercial bank, I want to say that I am very much obliged to Mr. Jones for his very clear elucidation of the difference between a trust company and a bank. It seems to me that he has made very clear that it depends upon the character of the deposits as to the matter of reserve. If a trust company is doing a commercial banking business it is getting deposits the same as a commercial bank, and lending them on commercial paper the same as a commercial bank, then, in God's name, let them be a commercial bank, and let them have the reserve of a commercial bank; but if they are a trust company in theory and in principle, as Mr. Jones said, if it is a real trust company and not a commercial bank, then why ask them to put up the large reserve required of a bank when there is no real necessity for it at all. I am simply trying to emphasize what Mr. Jones has said; I want to emphasize the truth that he has uttered, and I hope you will not be led astray by the gentleman on the other side. (Laughter.) A trust company that does a trust company business has a sacred office in the care of trust funds. It ought to be conservative. It ought to stand as a conservative institution. Now, then, what is the case with the commercial bank? Every once in a while they will run up against something like this. Let me give you an illustration: In my town there was a groceryman that borrowed money—generally had thirty or forty thousand dollars borrowed from the bank, mostly on his personal note. He managed it so that he did not encumber his real estate, and he had a good rating. He had three brothers who were also borrowers; they indorsed for him and he indorsed for them. When he failed all of them failed. They were all engaged in the same thing. Now, a commercial bank must meet that sort of contingency. It can afford to do it because it has money on deposit that does not draw any interest. They make a profit on their money and they can afford to stand the loss. A trust company that pays for its deposits cannot afford to do that; it cannot afford these transactions at all. The principal is the question at stake. Shall we be a trust company or shall we be a bank? Decide for yourself. If you want to be a commercial bank, then put up your reserve! (Applause.)

MR. BRECKENRIDGE JONES: The point I want to make is

that if we become banks the banks in a little while, by reason of their competition, will become trust companies, and then we will have that kind of competition that is worse than the present situation. I think there is more money in the business if we keep banking companies and trust companies to themselves. Let banks be banks and trust companies be trust companies.

THE PRESIDENT: If there is no further discussion, we will proceed with the election of officers for the ensuing year. It is customary to nominate our President from the floor.

Mr. Enright nominated Mr. Festus J. Wade for President of the Trust Company Section.

Seconded by Mr. Kaufman.

Upon motion, the nominations were closed, and the Secretary was directed to cast the vote for Mr. Wade for President. The vote was accordingly cast for Mr. Wade.

THE PRESIDENT (Mr. Clark Williams): Mr. Wade is unanimously elected.

Mr. Dinkins nominated Mr. Philip S. Babcock for First Vice-President.

The nomination was seconded.

Nominations were closed. Upon motion the Secretary cast the ballot of the Section for Mr. Babcock for Vice-President.

THE PRESIDENT (Mr. Williams in the chair): Nominations for vice-presidents from the different States are in order.

Nominations resulted as follows:

Alabama.—W. W. Crawford, President American Trust and Savings Bank, Birmingham.

Arkansas.—Chas. McKee, Secretary Mercantile Trust Co., Little Rock.

California.—W. L. Brent, President Merchants' Trust Co., Los Angeles.

Connecticut.—Charles E. Hoyt, Secretary and Treasurer South Norwalk Trust Co., South Norwalk.

Illinois.—H. L. Chapman, Vice-President People's Savings Bank and Trust Co., Moline.

Indiana.—I. H. C. Royse, President Terre Haute Trust Co., Terre Haute.

Kentucky.—A. Y. Ford, Treasurer Columbia Finance and Trust Co., Louisville.

Louisiana.—L. E. Thomas, President Continental Bank and Trust Co., Shreveport.

Maine.—George E. Macomber, President Augusta Trust Co., Augusta.

Maryland.—Douglas H. Gordon, President International Trust Co., Baltimore, Md.

Massachusetts.—Arthur Adams, Vice-President City Trust Co., Boston.
Missouri.—Albert Enright, Secretary Missouri Valley Trust Co., St. Joseph.
New Jersey.—J. H. Case, Secretary and Treasurer Plainfield Trust Co., Plainfield.

New York.—Oscar L. Gubelman, Vice-President Guaranty Trust Co., New York City.

North Carolina.—John S. Hill, Vice-President Home Savings Bank, Durham.

Ohio.—Frank A. Scott, Secretary and Treasurer Superior Savings and Trust Co., Cleveland.

Pennsylvania.—Charles E. Willock, Treasurer Fidelity Title and Trust Co., Pittsburg.

Rhode Island.—Herbert J. Wells, President Rhode Island Hospital Trust Co., Providence.

Tennessee.—Robert L. Brown, President City Bank, Memphis.

Texas.—J. S. Rice, President Union Bank and Trust Co., Houston.

Vermont.—James W. Brock, Montpelier Savings Bank and Trust Co.

Virginia.—J. B. Fishburn, President Southwest Virginia Trust Co., Roanoke.

West Virginia.—C. B. Hart, Investment Officer Security Trust Co., Wheeling.

Upon motion nominations were closed.

Upon motion the Secretary was directed to cast a vote for the Section for the vice-presidents as above nominated.

The Secretary accordingly cast the vote of the Section for the gentlemen named, and they were declared elected vice-presidents of the Section.

MR. McDONALD, Vice-President Commonwealth Trust Company, St. Louis: Since the last meeting of the Bankers' Convention we have had added, or will have added soon, a new State—Oklahoma. I think they are eligible, and I nominate J. W. McCloud vice-president.

THE PRESIDENT: Are you sure the State to which you refer has ten members in this association?

MR. McDONALD: I think so. [Investigation shows that Mr. McDonald was mistaken.—ED.]

THE PRESIDENT: The next order of business is the election of five members of the Executive Committee to serve for three years.

A MEMBER: I move that a nominating committee of five be appointed.

The motion was agreed to.

THE PRESIDENT: I appoint Mr. Breckenridge Jones, of St.

Louis; Mr. E. J. Tillotson, of the Cleveland Trust Company; Mr. Charles McKee, of the Mercantile Trust Company, of Little Rock; Mr. Ernest Woodruff, Trust Company of Georgia, Atlanta, Ga.; Mr. Charles E. Hoyt, of the South Norwalk Trust Company of Connecticut. These gentlemen will kindly deliberate and return with their nominations.

On motion of Mr. Jackson, the thanks of the Section were extended to the bankers of St. Louis for their hospitable and cordial reception.

MR. KAUFMAN: You have two special resolutions before this section that it might be proper to take up. I do not remember the exact wording of the resolutions, but I think it would be extremely wise if we were to take them up to-day before this section adjourns. If we can do so now I would like to make a motion to that effect. We can get the resolutions directly from your address, Mr. President.

MR. WADE: I think it would be wiser to move that they be referred to the Executive Committee.

MR. KAUFMAN: I would say, then, that they be referred to the Executive Committee with power to act.

The question was taken and the motion was agreed to.

The newly elected President, Mr. Wade, was here escorted by Mr. Jackson to a place on the stage.

The newly elected Vice-President, Mr. Babcock, was escorted by Mr. Phillips to a place on the stage.

MR. BRECKENRIDGE JONES: Gentlemen, on behalf of the committee, I report the following selection of members of the Executive Committee: Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.; Benjamin I. Cohen, President Portland Trust Company, Portland, Ore.; O. C. Fuller, President Wisconsin Trust Company, Milwaukee, Wis.; S. W. Reyburn, President Union Trust Company, Little Rock, Ark.; John H. Holliday, President Union Trust Company, Indianapolis, Ind.

MR. ROYSE: I move the report be adopted and the gentlemen declared elected.

It was agreed to, and the gentlemen named were accordingly declared elected.

THE PRESIDENT (Mr. Williams): I desire to thank you for the hearty support you have given the executive officers during the

past year. I would relinquish this office far more reluctantly were it not for the fact that I do so leaving the duties of the office in far worthier hands than mine. It gives me great pleasure, Mr. Wade, to evidence your election as President of the Trust Company Section of the American Bankers' Association by attaching this (the President's badge) to your breast. It is a great honor, and I feel sure that you deeply appreciate it.

MR. WADE: Mr. President and gentlemen, I will make no promise other than to endeavor to do as well as I can to come up to the standard. I thank you for the election. (Applause.)

It becomes my pleasant duty to place this badge of honor upon a worthy son of New York, who will represent your Trust Company Section all over the United States with or without reserve. (Applause and laughter.)

MR. BABCOCK: Mr. President, ladies and gentlemen, I thank you, gentlemen, for this honor. It is a very great honor. I am tempted, Mr. President, to remind you of your last words last year, that this Section was to be congratulated, and I myself, with having a President that will do all the work and I sit down and share the honor.

Seriously, there is a great deal of work, and anything I can do will be done cheerfully and gladly. I thank you all. (Applause.)

THE PRESIDENT: I do not believe there is anything left undone, but if there is any new business or any suggestions I would be very glad to hear from the Section. If not, immediately after adjournment we would like to have a meeting of the Executive Committee, the old members as well as the new.

Thereupon, at 5.30 P. M. the Section adjourned.



LIST OF MEMBERS

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ALABAMA.

Aliceville	Aliceville Bank & Trust Co.	Mobile	Central Trust Co.
Bessemer	Bessemer Trust & Banking Co.	Montgomery	Montgomery Bank & Trust Co.
Birmingham	Amer. Trust & Savings Bank.	New Decatur.....	Commercial Sav. Bk. & Tr. Co
"	Birmingham Trust & Sav. Co.	Prattville	Autauga Banking & Trust Co
"	People's Sav. Bk. & Trust Co.	Tuscaloosa	Mutual Trust & Savings Co.
Mobile	City Bank & Trust Co.		

ARIZONA.

Clifton	Gila Valley Bank & Trust Co.	Prescott	Commercial Trust Co.
Globe	Gila Valley Bank & Trust Co.	St. Johns.....	Apache County Bk. & Tr. Co.
Morenci	Gila Valley Bank & Trust Co.	Solomonsville	Gila Valley Bank & Trust Co.
Phoenix	Home Sav. Bank & Trust Co.	Tucson	So. Arizona Bk. & Trust Co.
"	Union Bank & Trust Co.		

ARKANSAS.

Arkansas City....	Deshaw Bank & Trust Co.	Little Rock.....	Mercantile Trust Co.
Batesville	Independence Co. Bk. & Tr. Co.	"	Union Trust Co.
Fayetteville	Washington Co. Bk. & Tr. Co.	Monticello	Monticello Bank & Trust Co.
Fort Smith.....	Fort Smith Trust Co.	Newport	Arkansas Bank & Trust Co.
Helena	People's Sav. Bk. & Tr. Co.	Pine Bluff	Cotton Belt Savings & Tr. Co.
Hot Springs.....	Security Bank, Hot Springs Sav. Tr. & Guar. Co.	"	People's Savings Bk. & Tr. Co.
Jonesboro	American Trust Co.	Texarkana	State Savings & Trust Co.
Little Rock	Little Rock Trust Co.	Walnut Ridge....	Walnut Ridge Bk. & Tr. Co.

CALIFORNIA.

Gardena.....	Gardena Bank & Trust Co.	Redwood City ...	Sav. & Tr. Co. of San Mateo Co. .
Los Angeles.....	Broadway Bank & Trust Co.	Riverside	Riverside Sav. Bk. & Tr. Co.
"	Los Angeles Trust Co.	Sacramento	Capital Banking & Trust Co.
"	Merchants' Trust Co.	San Francisco....	California Safe Dep. & Tr. Co.
"	Mercantile Tr. & Sav. Bank.	"	Central Tr. Co. of California.
"	Metropolitan Bank & Tr. Co.	Pasadena	American Bank & Trust Co.
"	State Bank & Trust Co.	Roseville	Roseville Banking & Trust Co.
"	Title Insurance & Trust Co.	San Francisco....	Metropolis Trust Co.
Mayfield	Mayfield Bank & Trust Co.	"	Renter's Loan & Trust Co.
Oakland	Security Bank & Trust Co.	"	Mercantile Trust Co.
"	West Oakland Bk. & Tr. Co.	"	Union Tr. Co. of San Francisco.
Pasadena	Pasadena Savings & Trust Co.	San Jose	Garden City Bk. & Trust Co.
Pomona	Savings Bank & Trust Co.		

COLORADO.

Boulder	Mercantile Bank & Trust Co.	Denver	International Trust Company.
Colorado Springs	Colorado Title & Trust Co.	"	Century Loan & Trust Co.
Denver	Continental Trust Co.	Grand Junction...	Union Trust & Banking Co.

CONNECTICUT.

Bridgeport	Bridgeport Trust Co.	Seymour	Seymour Trust Co.
Collinsville	Canton Trust Co.	South McAlester..	Manchester Tr. & Safe D. Co.
Derby	Home Trust Co.	South Norwalk..	South Norwalk Trust Co.
Greenwich	Greenwich Tr., L. & Dep. Co.	Southport	Southport Trust Co.
Hartford	Conn. Tr. & Safe Dep. Co.	Stamford	Fidelity Title and Trust Co.
"	Hartford Trust Co.	"	Stamford Trust Co.
New Britain.....	Home Trust & Savings Corp'n.	Thompsonville ...	Thompsonville Trust Co.
New Haven	New Haven Trust Co.	Waterbury	Colonial Trust Co.
"	Union Trust Co.		

DELAWARE.

Bridgeville	Baltimore Trust Co.	Wilmington	Security Trust & Safe Dep. Co.
Newark	Newark Trust & Safe Dep Co.	"	Wilmington Trust Co.
Wilmington	Equitable Guar. & Trust Co.		

DISTRICT OF COLUMBIA.

Washington	Aetna Bk. & Tr. Co. (branch).	Washington	Union Trust Co.
"	American Security & Tr. Co.	"	Washington Loan & Tr. Co.
"	Nat. Safe Dep. Sav. & Tr. Co.		

FLORIDA.

Jacksonville	People's Bank & Trust Co.	Palatka	East Florida Sav. & Tr. Co.
"	Capital Tr. & Investment Co.	Tampa	Citizens' Bank & Trust Co.
Orlando	Orlando Bank & Trust Co.		

GEORGIA.

Atlanta	Central Bank & Trust Co.	Columbus	Columbus Savings Bank.
"	Georgia Sav. Bk. & Tr. Co.	Marietta	Marietta Tr. & Banking Co.
"	Trust Co. of Georgia.	Savannah	Savannah Bank & Trust Co.
Brunswick	Brunswick Bank & Trust Co.	"	Savannah Trust Co.

IDAHO.

Caldwell	Caldwell Banking & Trust Co.	Lewiston	Commercial Trust Co.
Coeur d'Alene	Coeur d'Alene Bank & Tr. Co.	Moscow	First Trust Co.
Grangeville	Grangeville Sav. & Trust Co.		

ILLINOIS.

Alton	Alton Banking & Trust Co.	Galesburg	People's Tr. & Savings Bank.
Aurora	Aurora Trust & Savings Bank.	Hillsboro	Montgomery Co. Loan & Tr. Co.
Chicago	American Trust & Sav. Bank.	Harrisburg	Saline Trust & Savings Bank.
"	Colonial Trust & Sav. Bank.	Jacksonville	Hockenhull-Elliott Bk. & Tr. Co.
"	Central Trust Co. of Illinois.	Litchfield	Litchfield Bank & Trust Co.
"	Chicago Sav. Bank & Tr. Co.	Moline	People's Sav. Bank & Tr. Co.
"	Drovers' Trust & Sav. Bank.	"	State Savings Bk. & Tr. Co.
"	First Trust & Savings Bank.	Peoria	Dime Savings & Tr. Co.
"	Illinois Trust & Savings Bank.	Quincy	Mercantile Tr. & Sav. Bank.
"	Merchants' Loan & Tr. Co Bk.	"	State Savings, Loan & Tr. Co.
"	Metropolitan Tr. & Sav. Bank.	Red Bud	Red Bud Trust Co.
"	Northern Trust Co. Bank.	Rochelle	People's Loan & Trust Co.
"	Royal Trust Co. Bank.	"	Stocking Trust & Savings Bk.
"	Western Trust & Sav. Bank.	Rockford	People's Bank & Trust Co.
"	Woodlawn Trust & Sav. Bank.	Springfield	Sangamon Loan & Trust Co.
Danville	Commercial Tr. & Sav. Bank.	Sycamore	Pierce Trust & Savings Bank.
East St. Louis....	Union Trust & Savings Bank.		
"	Illinois State Trust Co. Bank.		

INDIANA.

Columbia City....	Provident Trust Co.	Michigan City....Michigan City Tr. & Sav. Co.
Danville	Danville Trust Co.	Mishawaka .....Mishawaka Trust & Savs. Bk.
Evansville	American Trust & Sav. Bank.	New Albany.....Mutual Trust & Deposit Co.
"	Evansville Trust & Sav. Co.	Peru .....Peru Trust Co.
Indianapolis	Central Trust Co.	" Wabash Valley Trust Co.
"	Indiana Trust Co.	Richmond
"	Marion Trust Co.	Dickinson Trust Co.
"	Union Trust Co.	South Bend.....American Trust Co.
Lafayette	Lafayette Loan & Trust Co.	" Citizens' Loan, Tr. & Sav. Co.
Lebanon	American Trust Co.	Terra Haute.....Terre Haute Trust Co.

INDIAN TERRITORY.

Chickasaw	Chickasaw Trust Co.	Muskogee	Canadian Valley Trust Co.
Claremore	Farmers' Bank & Trust Co.	Tulsa	Union Trust Co.

IOWA.

Clarinda	Clarinda Trust & Sav. Bank.	Dubuque	Iowa Trust & Savings Bank.
Clinton	People's Trust & Sav. Bank.	Muscatine	Cook, Musser & Co. State Bk. & Trust Co.
Des Moines	Iowa Loan & Trust Co.		
"	Security Loan & Trust Co.	Waterloo	Leavitt & Johnson Trust Co.
Dubuque	German Trust & Sav. Bank.		

KANSAS.

Kansas City.....The Banking Trust Co.

KENTUCKY.

Bowling Green...Potter-Matlock Bk. & Tr. Co.	Louisville	Fidelity Trust Co.
Frankfort.....Capital Trust Co.	"	Louisville Trust Co.
Henderson	United States Trust Co.	
"	Middlesborough ..	Citizens' Bank & Trust Co.
Ohio Valley Banking & Tr. Co.	Morganfield	People's Bank & Trust Co.
"	Owensboro	Davies Co. Bank & Trust Co.
Union Bank & Trust Co.	Owensboro Sav. Bk. & Tr. Co.	
Lexington	Central Tr. Co. of Owensboro.	
Louisville	Columbia Finance & Tr. Co.	
"	Commercial Bank & Trust Co.	

LOUISIANA.

New Orleans	Canal-Louisiana Bk. & Tr. Co.	New Orleans....	Cosmopolitan Bank & Tr. Co.
"	Carrollton Sav. Tr. & Bkg. Co.	"	Hibernia Bank & Trust Co.
"	Central Tr. & Savings Bank.	"	Interstate Trust & Banking Co.
"	City Bank & Tr. Co.	"	People's Sav. Tr. & Bkg. Co.
"	Commercial Tr. & Sav. Bank.	"	Teutonia Bank & Trust Co.
"	Commercial Trust & Sav. Bk. (Branch).	Shreveport	Continental Bank & Trust Co.

MAINE.

Augusta	Augusta Trust Co.	Livermore	Livermore Falls Trust Co.
Bangor	Eastern Trust & Banking Co.	Portland	Fidelity Trust Co.
"	Merrill Trust Co.	"	Portland Trust Co.
Calais	International Tr. & Bkg. Co.	"	Union Safe Dep. & Tr. Co.
Guilford	Guilford Trust Co.	Rockland	Rockland Trust Co.
Lewiston	Lewiston Tr. & Safe Dep. Co.	Rumford Falls ..	Rumford Falls Trust Co.

MARYLAND.

Baltimore	Baltimore Tr. & Guar. Co.	Baltimore	Safe Deposit & Trust Co.
"	Colonial Trust Co.	"	Union Trust Co.
"	Continental Trust Co.	"	Security Storage & Trust Co.
"	Fidelity Trust Co.	Cumberland	Interstate Trust & Guar. Co.
"	International Tr. Co. of Md.	Rockville	Farmers' Banking & Trust Co.
"	Maryland Trust Co.	Taneytown	Birnie Trust Co.
"	Mercantile Trust & Dep. Co.	Union Bridge.....	Union Bridge Bkg. & Tr. Co.

MASSACHUSETTS.

Boston	American Loan & Trust Co.	Cambridge	Harvard Trust Co.
"	Bay State Trust Co.	Gloucester	Gloucester Safe Dep. & Tr. Co.
"	Boston Safe Dep. & Tr. Co.	Lowell	Lowell Trust Co.
"	City Trust Co.	Lynn	Essex Trust Co.
"	Federal Trust Co.	"	Security Safe Dep. & Tr. Co.
"	International Trust Co.	Malden	Malden Trust Co.
"	Mattapan Deposit & Trust Co.	New Bedford	New Bedford Safe Deposit &
"	Mechanics' Trust Co.		Trust Co.
"	New England Trust Co.	Newton Centre ...	Newton Centre Trust Co.
"	Old Colony Trust Co.	Springfield	Hampden Trust Co.
"	Puritan Trust Co.	"	Union Trust Co.
"	State Street Trust Co.	Waltham	Waltham Trust Co.
"	United States Trust Co.	West Lynn	Security Safe Dep. & Tr. Co.
Cambridge	Cambridge Trust Co.	Worcester	Worcester Trust Co.

MICHIGAN.

Detroit	Detroit Trust Co.	Flint	Union Trust & Savings Bank.
"	Union Trust Co.	Grand Rapids....	Michigan Trust Co.

MINNESOTA.

Minneapolis	Minnesota Loan & Trust Co.	St. Paul	Northwestern Trust Co.
"	Minnesota Title Ins. & Tr. Co.	"	Security Trust Co.

MISSISSIPPI.

Belzona	Belzona Trust & Banking Co.	Tupelo	People's Bank & Trust Co.
Jackson	Mississippi Bank & Trust Co.	Vicksburg	City Savings & Trust Co.
"	Security Trust & Bkg. Co.	"	Delta Trust & Banking Co.
McComb City.....	Pike Co. Bank & Trust Co.	Yazoo City	Commer'l State Bk. & Tr. Co.
Meridian	Union Bank & Trust Co.		

MISSOURI.

Clayton	Trust Co. of St. Louis Co.	St. Joseph.....	Missouri Valley Trust Co.
Hannibal	Hannibal Trust Co.	St. Louis	Commonwealth Trust Co.
Jefferson City....	Central Missouri Trust Co.	"	Mercantile Trust Co.
Joplin	Conqueror Trust Co.	"	Mississippi Valley Trust Co.
Kansas City	Bankers' Trust Co.	"	Missouri-Lincoln Trust Co.
"	Fidelity Trust Co.	"	St. Louis Union Trust Co.
"	Pioneer Trust Co.	Sedalia	Sedalia Trust Co.
"	United States Trust Co.	Springfield	Springfield Trust Co.
Monticello	Monticello Trust Co.		

MONTANA.

Anaconda	Daly Bk. & Tr. Co.	Butte	Daly Bank & Trust Co.
Billings	First Trust & Savings Bank.	Helena	Union Bank & Trust Co.
Butte	Aetna Banking & Trust Co.		

NEBRASKA.

Haiger Empire Loan & Trust Co. Lincoln Lincoln Safe Dep. & Tr. Co.

NEVADA.

Carson City State Bank & Trust Co.	Tonopah Goldfield Trust Co.
Goldfield State Bank & Trust Co.	" State Bank & Trust Co.
Manhattan.....State Bank & Trust Co.	

NEW HAMPSHIRE.

Berlin Berlin Savings Bank & Tr. Co.	Whitefield Whitefield Bank & Trust Co.
Nashua Nashua Trust Co.	

NEW JERSEY.

Atlantic City.....Atlanta Safe Dep. & Trust Co.	Lakewood Lakewood Trust Co.
" Guarantee Trust Co.	Montclair Montclair Trust Co.
" Marine Trust Co.	Moorestown Burlington Co. Safe Deposit &
Bayonne Bayonne Trust Co.	Trust Co.
" Mechanics' Trust Co.	Morristown Morristown Trust Co.
Bridgeport Cumberland Trust Co.	Newark City Trust Co.
Camden Camden Safe Dep. & Tr. Co.	" Federal Trust Co.
" Central Trust Co.	" Fidelity Trust Co.
" Security Trust Co.	" West Side Trust Co.
Dover Dover Trust Co.	New Brunswick...New Brunswick Trust Co.
East Orange Essex County Trust Co.	Newton Newton Trust Co.
Elizabeth Union County Trust Co.	Passaic Passaic Trust & Safe Dep. Co.
Englewood Palisade Trust & Guaranty Co.	" People's Bank & Trust Co.
Hackensack Hackensack Trust Co.	Paterson Citizens' Trust Co.
Hoboken Hoboken Trust Co.	" German-American Trust Co.
" Hudson Trust Co. (Branch).	" Hamilton Trust Co.
" Jefferson Trust Co.	" Paterson Safe Dep. & Tr. Co.
" Trust Co. of New Jersey.	" Silk City Safe Dep. & Tr. Co.
Jersey City.....Bergen & Lafayette Trust Co.	Perth Amboy Perth Amboy Trust Co.
" Commercial Trust Co. of N. J.	Plainfield Plainfield Trust Co.
" Corporation Trust Co.	Town of Union...Weehawken Trust Co.
" Greenville Banking & Tr. Co.	Trenton Mercer Trust Co.
" Lincoln Trust Co.	" Trenton Trust & Safe Dep. Co.
" N. J. Title Guar. & Trust Co.	Westfield Westfield Trust Co.
" People's Safe Dep. & Trust Co.	West Hoboken....Hudson Trust Co.

NEW MEXICO.

Albuquerque.....Montezuma Trust Co.	Santa Fe.....United States Bkg. & Tr. Co.
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NEW YORK.

Albany Albany Trust Co.	New York City...Bankers' Trust Co.
" Union Trust Co.	(Borough of Broadway Trust Co.
Binghamton Binghamton Trust Co.	Manhattan) Colonial Trust Co.
Buffalo Buffalo, L. Tr. & S. Dep. Co.	" Columbia Trust Co.
" Commonwealth Trust Co.	" Empire Trust Co.
" Fidelity Trust Co.	" Equitable Trust Co.
Elmira Chemung Canal Trust Co.	" Farmers' Loan & Trust Co.
Fredonia Citizens' Trust Co.	" Fifth Avenue Trust Co.
Glens Falls.....Glens Falls Trust Co.	" Guardian Trust Co.
Ithaca Ithaca Trust Co.	" Guaranty Trust Co. of N. Y.
Jamestown Chautauqua County Trust Co.	" Home Trust Co. (Branch).
Middletown Orange County Trust Co.	" Hudson Trust Co.
Mt. Vernon Mt. Vernon Trust Co.	
New Rochelle ...New Rochelle Trust Co.	

New York City	Knickerbocker Trust Co., Fifth Ave. & 34th St.	New York City	Brooklyn Trust Co.
"	Knickerbocker Tr. Co. (Branch) 66 Broadway.	(Borough of Brooklyn)	Citizens' Trust Co.
"	Knickerbocker Tr. Co. (Harlem Branch), 125th St. & Lenox Ave.	"	Flatbush Trust Co.
1 st Co.	Knickerbocker Tr. Co. Branch, 148th St. & Third Ave.	"	Franklin Trust Co.
"	Lawyers' Title Ins. & Tr. Co.	"	Hamilton Trust Co.
"	Lincoln Trust Co.	"	Home Trust Co.
Tax	Manhattan Trust Co.	"	Jenkins Trust Co.
"	Morton Trust Co.	"	Kings Co. Trust Co.
"	Mutual Alliance Trust Co.	"	Long Island Loan & Trust Co.
"	Mutual Alliance Trust Co. (Branch).	"	Nassau Trust Co.
"	New York Trust Co.	"	People's Trust Co.
"	Real Estate Trust Co. of N. Y.	"	People's Trust Co. (Wallabout Branch).
M.	Standard Trust Co.	"	Title Guar. & Tr. Co. (Manufacturers Branch).
"	Title Guarantee & Trust Co.	Nyack	Rockland County Trust Co.
"	Trust Co. of America.	Poughkeepsie	Poughkeepsie Trust Co.
1	United States Mtge. & Tr. Co.	Rochester	Fidelity Trust Co.
"	United States Mtge. & Tr. Co. West End Office.	"	Genesee Valley Trust Co.
"	United States Trust Co.	"	Rochester Tr. & Safe Dep. Co.
"	Van Norden Trust Co.	"	Security Tr. Co. of Rochester.
"	Van Norden Tr. Co. (East Side Branch).	Salamanca	Union Trust Co.
De	Washington Trust Co.	Schenectady	Salamanca Trust Co.
"	Windsor Trust Co.	"	Citizens' Trust Co.
"	Windsor Trust Co. (Downtown Branch).	"	Schenectady Trust Co.
"		Syracuse	Syracuse Trust Co.
"		Troy	Troy Trust Company.
"		"	Security Trust Co.
"		Utica	Citizens' Trust Co.
"		"	Utica Trust & Deposit Co.
"		Yonkers	Westchester Trust Co.

NORTH CAROLINA.

Asheville	Citizens' Trust & Sav. Bank.	High Point	Wachovia Loan & Tr. Co. (Br.)
"	Wachovia L. & Tr. Co. (Br.).	New Bern	New Bern Bkg. & Trust Co.
Charlotte	Southern States Trust Co.	Salisbury	Wachovia Loan & Tr. Co. (Br.)
"	Charlotte Trust Co.	Spencer	Wachovia Loan & Tr. Co. (Br.)
Elizabeth City	Savings Bank & Trust Co.	Statesville	Statesville Loan & Trust Co.
Greensboro	Greensboro Loan & Trust Co.	Washington	Savings & Trust Co.
"	Southern Life & Trust Co.	Winston-Salem	Wachovia Loan & Trust Co
High Point	High Point Sav. & Trust Co.		

NORTH DAKOTA.

Fargo Northern Trust Co.

OHIO.

Akron	Central Savings & Trust Co.	Cleveland	Guarantee Title & Trust Co.
Alliance	City Savings Bank & Trust Co.	"	Guardian Savings & Trust Co.
Canton	Canton Savings & Trust Co.	"	Guardian Savings & Trust Co. (Branch).
Cincinnati	Central Trust & Safe Dep. Co.	"	Lake Shore Bkg. & Trust Co.
"	Cincinnati Trust Co.	"	Pearl Street Svs. & Tr. Co.
"	Queen City Sav. Bk. & Tr. Co.	"	Reserve Trust Co.
"	Union Savings Bk. & Tr. Co.	"	State Banking & Trust Co.
Cleveland	Broadway Savings & Trust Co.	"	Woodland Ave. Sav. & Tr. Co.
"	Citizens' Savings & Trust Co.	Columbus	Ohio Trust Co.
"	Cleveland Trust Co.		

Columbus	States Savings Bk. & Tr. Co.
Dayton	Dayton Savings & Trust Co.
Elyria	Savings Deposit Bk. & Tr. Co.
Fremont	Colonial Savings Bk. & Tr. Co.
Jackson	Citizens' Savings & Trust Co.
Marietta	People's Banking & Trust Co.
Pomeroy	Farmers' Bank & Trust Co.
Portsmouth	Security Sav. Bk. & Tr. Co.
Sandusky	Citizens' Banking & Trust Co.
Toledo	Ohio Savings Bank & Tr. Co.
"	Security Savings Bk. & Tr. Co.
"	Toledo Savings Bk. & Tr. Co.
Youngstown	Dollar Savings & Trust Co.
Zanesville	American Trust & Sav. Bank.

OKLAHOMA TERRITORY.

Oklahoma City ..Columbia Bank & Trust Co.

OREGON.

Bend	Central Oregon Bkg. & Tr. Co.
Canby.....	Canby Bank & Trust Co.
Grant's Pass.....	Grant's Pass Bkg. & Trust Co.
Portland	Oregon Trust & Sav. Bank.
Portland	Mortgage Guar. & Trust Co.
"	Portland Trust Co. of Oregon.
"	Security Savings & Trust Co.
"	Title, Guar. & Tr. Co.'s S. Bk.

PENNSYLVANIA.

Allegheny	Allegheny Trust Co.
"	Dollar Sav. Fund & Trust Co.
"	Manchester Sav. Bk. & Tr. Co.
"	Provident Trust Co.
"	Real Estate Savgs. & Tr. Co.
"	Workingmen's Sav. Bk. & Tr. Co.
Allentown	Lehigh Val. Tr. & Safe Dep. Co.
Altoona	Central Trust Co.
Ambridge	Ambridge Sav. & Trust Co.
Apollo	Apollo Trust Co.
Beaver	Beaver Trust Co.
Bellefonte	Bellefonte Trust Co.
Beaver Falls.....	Federal Title & Trust Co.
Bellevue	Bellevue Reality Sav. & Tr. Co.
Berwick	Berwick Savings & Trust Co.
Braddock	Braddock Trust Co.
Butler	Butler Savings & Trust Co.
"	Guaranty Safe Dep. & Tr. Co.
Cannonsburg	Citizens' Trust Co.
Carlisle	Farmers' Trust Co.
Charleroi	Charleroi Savings & Trust Co.
Chester	Cambridge Trust Co.
"	Delaware Co. Trust, Safe Deposit and Title Ins. Co.
Clearfield	Clearfield Trust Co.
Doylestown.....	Bucks County Trust Co.
Duquesne	Hungarian-American Savings & Trust Co. of Duquesne.
Ellwood City	Ellwood City Trust Co.
Erie	Erie Trust Co.
Franklin	Franklin Trust Co.
Freedom	Freedom Savings & Trust Co.
Greensburg	Barclay Trust Co.
Greenville	Farm. & Merchants' Trust Co.
Harrisburg.....	Dauphin Deposit Trust Co.
Hazleton	Markle Banking & Trust Co.
"	People's Saving & Trust Co.
Johnstown	Johnstown Trust Co.
Kane	Kane Bank & Trust Co.
Lancaster	Farmers' Trust Co.
"	Lancaster Trust Co.
Lansdowne	Lansdowne & Darby Savings Fund & Trust Co.
McKees Rocks....	Charters Trust Co.
McKeesport	McKeesport Title & Trust Co.
Meadville	Crawford County Trust Co.
Monongahela City.....	Monongahela City Trust Co.
Monessen.....	Monessen Sav. & Trust Co.
Mount Pleasant	Citizens' Savings & Trust Co.
New Bethlehem	New Bethlehem Trust Co.
New Castle	Lawrence Savings & Trust Co.
"	New Castle Savings & Tr. Co.
New Kensington..	Logan Trust Co.
Norristown	Montgomery Trust Co.
"	Norristown Trust Co.
Oil City	Oil City Trust Co.
Philadelphia	Columbia Avenue Trust Co.
"	Colonial Trust Co.
"	Commercial Trust Co.
"	Commonwealth Title Ins. & Tr. Co.
"	Equitable Trust Co.
"	Frankford Real Estate Trust & Safe Deposit Co.
"	Franklin Trust Co.
"	Ger.-Amer. Title & Trust Co.
"	Germantown Trust Co.
"	Girard Trust Co.
"	Guaranteed Tr. & Safe Dep. Co.
"	Hamilton Trust Co.
"	Integrity Title Insurance, Trust & Safe Deposit Co.
"	Land Title & Trust Co.
"	Lincoln Savings & Trust Co.
"	Manayunk Trust Co.
"	Merchants' Trust Co.

Philadelphia	.....Northern Trust Co.	Pittsburg	.....Treasury Trust Co.
"	North Philadelphia Trust Co.	"	Union Trust Co.
"	Phila. Tr. Safe Dep. & Ins. Co.	"	West End Sav. Bk. & Tr. Co.
"	Real Estate T. Ins. & Tr. Co..	Pittston	.....Union Sav. & Trust Co.
"	Rittenhouse Trust Co.	Pottsville	.....Schuylkill Trust Co.
"	Safety Banking & Trust Co.	Reading	.....Colonial Trust Co.
"	Tacony Trust Co.	"	Pennsylvania Trust Co.
"	Tradesmen's Trust Co.	"	Reading Trust Co.
"	Trust Co. of North America.	Royersford	.....Royersford Trust Co.
"	Union Trust Co.	Scranton	.....County Savings Bk & Tr. Co..
"	West End Trust Co.	"	Lackawanna Tr. & S. Dep. Co.
"	West Phila. Title & Trust Co.	"	Scranton Trust Co.
Pittsburg	.....Franklin Savings & Trust Co.	Sharpsburg	.....Citizens' Deposit & Trust Co.
"	Colonial Trust Co.	South Bethlehem	E. P. Wilbur Trust Co.
"	East End Savings & Trust Co.	South Sharon	.....Colonial Trust Co.
"	Fidelity Title & Trust Co.	Tarentum	.....Tarentum Sav. & Trust Co.
"	Guarantee Title & Trust Co.	Vandergrift	.....Vandergrift Sav. & Trust Co.
"	Home Trust Co.	Warren	.....Warren Trust Co.
"	Iron City Trust Co.	Washington	.....Real Estate Trust Co.
"	Mercantile Trust Co.	"	Washington Trust Co.
"	Mt. Washington Sav. & Tr. Co.	Wayne	.....Wayne Title & Trust Co.
"	Oakland Savings & Trust Co.	Waynesburg	.....Union Deposit & Trust Co.
"	People's Trust Co.	Wellsboro	.....Tioga County Sav. & Tr. Co.
"	Pittsburgh Trust Co.	West Chester	.....Chester County Trust Co.
"	Real Estate Trust Co.	Wilkesbarre	.....Luzerne County Trust Co.
"	Safe Deposit & Trust Co. of	"	Wyoming Valley Trust Co.
"	Pittsburg.	Williamsport	.....Susquehanna Tr. & Safe Dep.
"	St. Clair Savings & Trust Co.,	"	Co.
"	Knoxville District.	York	.....Security Title & Trust Co.
"	South Side Trust Co.	"	York Trust Co.

RHODE ISLAND.

Newport	.....Newport Trust Co.	Providence	.....Rhode Island Hospital Tr. Co.
Pawtucket	.....Slater Trust Co.	"	Union Trust Co.
Phenix	.....Phenix Trust Co.	Westerly	.....Washington Trust Co.
Providence	.....Industrial Trust Co.	Woonsocket	.....Industrial Trust Co. of Providence (Branch).
"	New England Trust Co.		

SOUTH CAROLINA.

Camden	.....Commercial Sav. Bk. & Tr. Co.	Charleston	.....South Carolina Loan & Tr. Co.
Charleston	.....Exchange Banking & Tr. Co.		

SOUTH DAKOTA.

Castlewood	.....Hamlin County Loan & Tr. Co.	Marion	.....Farmers' Trust & Sav. Bank.
Deadwood	.....Black Hills Tr. & Sav. Bank.		

TENNESSEE.

Chattanooga	.....Chattanooga Savings Bank.	Memphis	.....Commercial Tr. & Sav. Bank.
"	Hamilton Tr. & Sav. Bank.	"	City Bank.
"	Security Bank & Trust Co.	"	Crescent Sav. Bank & Tr. Co.
Clarksville	.....First Trust & Sav. Bank.	"	Manhattan Sav. Bk. & Tr. Co.
Dover	.....Dover Bank & Trust Co.	"	People's Sav. Bank & Tr. Co.
Jackson	.....Union Bank & Trust Co.	"	Solvent Sav. Bank & Tr. Co.
Knoxville	.....Knox County Bank & Tr. Co.	"	Union Sav. Bank & Tr. Co.
Memphis	.....Bank of Commerce & Tr. Co.	Nashville	.....Nashville Trust Co.
"	Chickasaw Sav. Bk. & Tr. Co.	"	Union Bank & Trust Co.

TEXAS.

Amarillo	Amarillo Bank & Trust Co.	Galveston	Texas Bank & Trust Co.
Austin	Citizens' Bank & Trust Co.	Houston	American Bank & Trust Co.
Beaumont	Park Bank & Trust Co.	"	Houston Land & Trust Co.
Dallas	Trust Co. of Dallas.	"	Union Bank & Trust Co.
"	Union Bank & Trust Co.	Port Arthur	Park Bank & Trust Co.
Fort Worth	Fidelity Trust Co.	San Antonio	West Texas Bank & Tr. Co.

UTAH.

Salt Lake City	Utah Savings & Trust Co.	Salt Lake City	Zion Sav. Bank & Trust Co.
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VERMONT.

Barre	Barre Sav. Bank & Trust Co.	Hardwick	Hardwick Sav. Bk. & Tr. Co.
"	Granite Sav. Bank & Tr. Co.	Ludlow	Ludlow Sav. Bank & Tr. Co.
Burlington	Burlington Trust Co.	Montpelier	Montpelier Sav. Bk. & Tr. Co.
"	Chittenden Trust Co.	Morrisville	Union Sav. Bank & Trust Co.
Enosburg Falls	Enosburg Falls Savings Bank & Trust Co.	Newport	Orleans Trust Co.
		Proctor	Proctor Trust Co.

VIRGINIA.

Big Stone Gap	Inter-State Finance & Tr. Co.	Norfolk	Union Trust & Title Corp.
Fries	Washington Bkg. & Trust Co.	"	Virginia Sav. Bk. & Trust Co.
Newport News	Virginia Guar. & Trust Corp.	Richmond	Bank of Commerce & Trusts.
Norfolk	Atlantic Tr. & Safe Dep. Co.	"	Virginia Trust Co.
"	Norfolk Bk. for Sav. & Trust.		

WASHINGTON.

North Yakima	Yakima Trust Co.	Seattle	Washington Tr. Co. of Seattle.
Seattle	Northwest Tr. & Safe Dep. Co.	Spokane	Spokane & Eastern Trust Co.
"	Union Savings & Trust Co.	Tacoma	Fidelity Trust Co.

WEST VIRGINIA.

Charleston	Kanawha Bkg. & Trust Co.	Parkersburg	Parkersburg Bkg. & Tr. Co.
Grafton	Grafton Bkg. & Trust Co.	"	Union Trust & Deposit Co.
Huntington	American Bank & Trust Co.	Richwood	Richwood Bkg. & Trust Co.
"	Union Sav. Bk. & Trust Co.	Wheeling	Dollar Savings & Trust Co.
New Cumberland	New Cumberland Sav. & Tr. Co.	"	Security Trust Co.

WISCONSIN.

Eau Claire	Eau Claire Loan & Trust Co.	Milwaukee	Fidelity Trust Co.
Milwaukee	Citizens' Trust Co.	"	Wisconsin Trust Co.
"	Milwaukee Trust Co.		

WYOMING.

Encampment North American Trust Co.

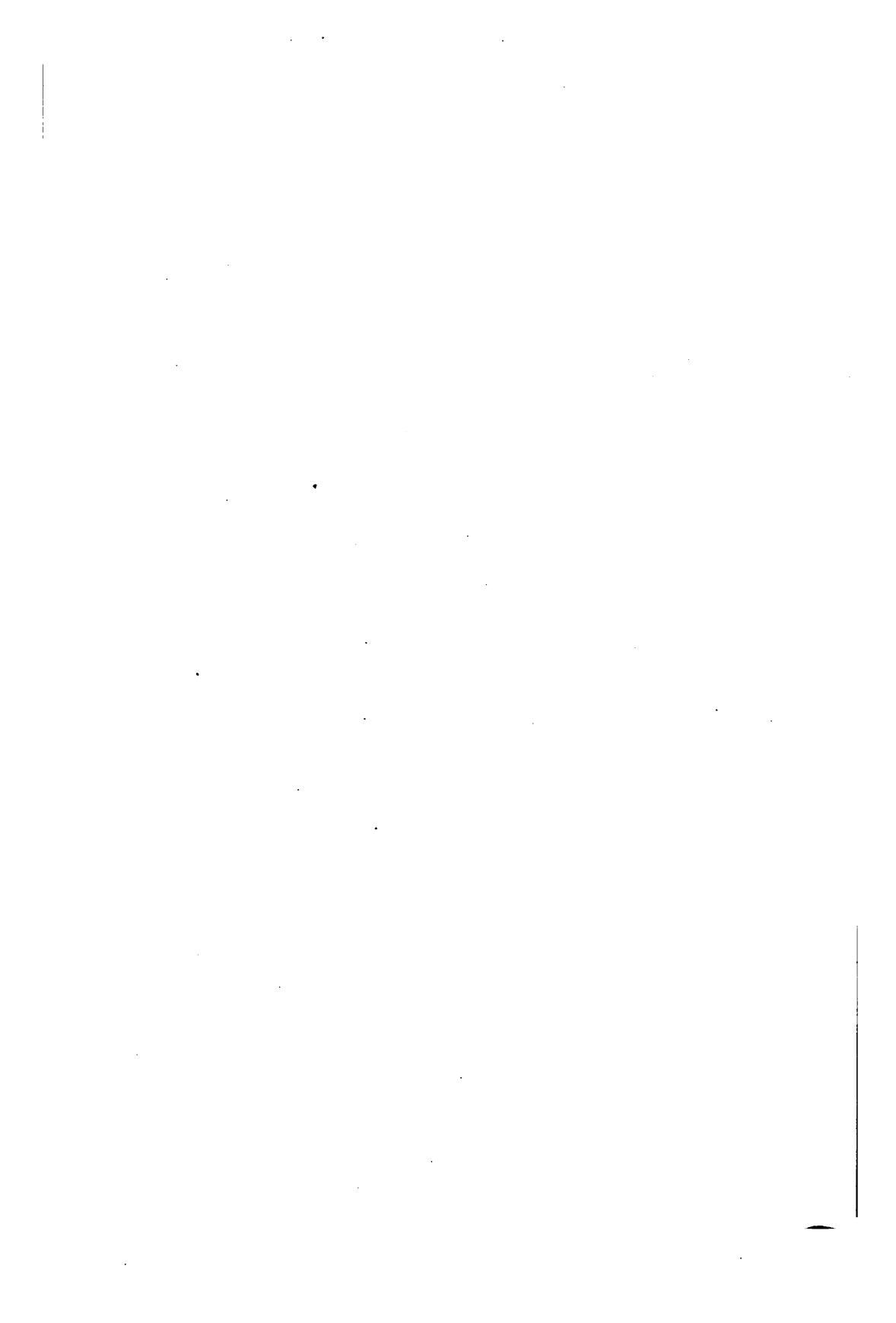
HAWAIIAN ISLANDS.

Honolulu	Hawaiian Trust Co.	Honolulu	Henry Waterhouse Trust Co.
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